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JOINT COMMITTEE
ON POST AUDIT
and
OVERSIGHT

Use of Oil Company
Credit Cards by
State Agencies

Government Documents
Collection

MAY 13 1974

University of Massachusetts

Legislative

Post Audit and Oversight Bureau

FEBRUARY, 1974

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FOREWORD

The Legislative Post Audit and Oversight Bureau was established by Chapter 1008 of the Acts of 1971, as amended by Chapter 247 of the Acts of 1972. Its purpose is to conduct, under the direction of the Joint Legislative Committee on Post Audit and Oversight of the Massachusetts General Court, a legislative auditing program with special emphasis on performance auditing. For the purposes of the work of the Bureau, the term "performance auditing" is defined as an auditing program conducted for the particular purpose of making an appraisal or evaluation of the efficiency of operations, the effectiveness of programs, and the faithfulness of Administration compliance with the intent of the legislation and administrative regulations affecting a specific agency of the Commonwealth.

Senator Francis X. McCann serves as the Senate Chairman of the Joint Committee on Post Audit and Oversight by appointment of the President of the Senate, while the Speaker of the House of Representatives has designated Representative Gerald P. Lombard as the House Chairman thereof.

The Joint Committee on Post Audit and Oversight directed the Bureau to conduct this study because concern had been registered in many quarters about the system whereby state agencies acquire oil company credit cards and subsequently incur obligations for the purchase of gasoline, oil, and other automotive supplies. In addition, specific complaints were raised concerning an apparent excessive number of such credit cards available for agency use.

The use of oil company credit cards by state agencies is authorized by the Commissioner of Administration in the Executive Office for Administra-

tion and Finance, and is subject to regulations which he is required to establish. In requesting our office to conduct an audit of this system, the Joint Committee was motivated by the desire to assist the Commissioner in achieving a high level of management excellence. We render our report in the same spirit.

Many of the problems identified in this report are of long standing. They are not the result of a single Commissioner of Administration, nor of any particular management. We have noted that the present management of the Executive Office for Administration and Finance has begun to deal with the problems to a limited degree and we trust that this effort will continue. In addition to dwelling on the deficiencies and their ramifications, we have included suggestions by which the management of this system might be improved.

The reader who desires to obtain a quick overview of the major findings of this management audit should turn to the summary which immediately follows this page.

We wish to acknowledge our appreciation to the members of the Joint Committee on Post Audit and Oversight for their assistance in the development of this report and to express our thanks for the cooperation and assistance extended to our staff by the personnel of agencies contacted during the conduct of this audit.

WILLIAM H. FINNEGAN
Director

February 26, 1974

SUMMARY

The authority to control the use of state-owned motor vehicles is vested in the Commissioner of Administration by the annual General Appropriations Act, which mandates him to promulgate and enforce regulations relative to such use. One concomitant of this use is the purchase of gasoline either by bulk purchase or by the use of oil company credit cards. In Fiscal Year 1973, the Commonwealth expended approximately \$1,352,000 for obligations incurred by the use of such credit cards. In addition, approximately \$955,000 was spent for bulk gasoline purchases and other automotive expenses.

In accordance with the legislative mandate, regulations were established by the Commissioner in a publication entitled "Manual of Instructions and Guidance Information for State-owned Motor Vehicle Operation", commonly referred to as PD38. These regulations are general in tone and, by the Commissioner's own admission in the Foreword to the Manual, are directive in nature. The actual promulgation of specific regulations is delegated to the agencies and they can call upon the State Purchasing Agent for assistance, if necessary.

The Commissioner, likewise, has delegated authority to the State Purchasing Agent to invite bids each calendar year from oil companies on the following contracts:

CONTRACT NO. 1 Gasoline and Diesel Fuel Oil delivered into State-owned vehicles at contractor's service stations; oil delivered into State vehicles; oil changes; and chassis lubrication.

CONTRACT NO. 2 Gasoline delivered into State-owned bulk tanks at locations throughout the Commonwealth.

At the conclusion of the bid period, the State Purchasing Agent has the responsibility to award the contracts and to so notify the agencies. It is in this notification that the agencies are advised of the successful bidder on each of the above contracts. They also are informed, with relation to Contract No. 1, that, if they desire credit cards, they should apply to the appropriate office of the contractor.

This information constitutes the entire input of the Commissioner of Administration, either directly or by delegation, concerning the acquisition of oil

company credit cards by state agencies. The determination of the methods and procedures to be followed is left to the individual agency. For example, who has the authority to approve requests for credit cards, who has the responsibility to process applications and forward them to the oil companies, who is to receive and disseminate the cards, what control features are to be employed? The answers to these questions have been left to the agencies. As a consequence, there are no standardized procedures in effect governing the acquisition of credit cards.

This problem is further compounded because the contract contains a provision whereby the Commonwealth reserves the right to purchase the supplies and services from, and to have credit cards issued by, oil companies other than the contractor "where found beneficial to the Commonwealth." This phrase has never been defined, but has been used to advantage by the agencies in acquiring credit cards from companies other than the contractor.

The net result is that the Executive Office for Administration and Finance and the Commissioner of Administration are not knowledgeable as to agency procedures on this subject and were unable to advise the Post Audit and Oversight Bureau of the number of oil company credit cards issued to state agencies.

With respect to use, the Commissioner has prescribed in the Manual that credit card receipts must be obtained from vendors and must contain pertinent information, such as credit card number, vehicle registration number, department identification, date, itemized purchases and services showing quantities and prices, vendor's identification, and legible signature of operator. There are no specific regulations, however, as to what the vehicle operator is to do with the receipts. Once again, each agency is free to adopt its own procedure, and these vary from one agency to another. Thus, a second facet of this program lacks standardized procedures.

The natural consequence of this is the absence of standardized accounting procedures in order to reconcile credit card purchases. Here again, each agency is left to its own devices, and methods vary. Just as a survey conducted for the Executive Office for Administration and Finance in 1965 showed that "uniform procedures for reconciling credit card purchases are non-existent", so the same is true today.

The lack of standardized procedures governing the acquisition and use of oil company credit cards, as

well as the absence of uniform procedures for reconciling credit card purchases, create a great potential for abuse. The situation is aggravated further by the repeated failure of the Commissioner to enforce those regulations which have been established. For example, the Manual (PD38) prescribes certain reporting requirements for agencies regarding monthly motor vehicle expenses and mileage. All agencies, except the Department of Public Works, are subject to this regulation. An alternative method was proposed for Public Works because that agency has its own automated financial information system. The records indicate that, as of June, 1973, monthly reports were being submitted for only 20% of the Commonwealth's vehicles, while the Department of Public Works has not complied for at least five years.

Requests to oil companies regarding the number of such cards issued to state agencies produced results that were inconclusive. There was great disparity between the responses of the oil companies and those of state agencies. As stated previously, the Executive Office for Administration and Finance was unable to provide much assistance.

A compilation and analysis of the oil company responses indicated that *at least* 14,086 credit cards had been issued to state agencies which have, according to estimates of the Executive Office for Administration and Finance, approximately 6600 vehicles. Here again, as in the case of its inability to provide an accurate accounting of the number of credit cards issued to state agencies, this office, which has overall responsibility for state-owned vehicles, was unable to provide an accurate list of the number of vehicles owned by the Commonwealth.

ADMINISTRATIVE ACTIVITY

During the last several years, various Commissioners of Administration have attempted piecemeal reforms of motor vehicle operations with little or no success. Surveys have been conducted, committees formed, administrative bulletins disseminated, press releases issued, but with little consequence. A 1971 memorandum from the Transportation Analyst in the Purchasing Agent's Division stated:

File copies of reports and memorandums dating back thirteen years indicate that part-time study committees were formed by various administrations to correct obvious waste and inefficiency in fleet operation. It is apparent that little was gained

and, certainly, no major proposals were effected.

This situation was further emphasized in a report issued by the Director of Administrative Services in the Executive Office for Administration and Finance in June, 1972.

The *Master Plan for an Automated Financial Information System for the Commonwealth of Massachusetts*, published in 1966, envisioned two subsystems; "a Transportation and Travel Information and Audit System" and an "Equipment Records Inventory and Information System." Both subsystems were designed to provide management with vehicle cost data. Neither system has been implemented.

At no time, however, had any effort been extended to correct the obvious inadequacies of the system by which oil company credit cards are acquired and used by state agencies.

PURCHASE OF VEHICLES

Agency vehicles are purchased in small rather than large lots by the Purchasing Agent's Division. Purchases are made as cars are needed and not necessarily when prices are at their lowest.

Since the Commonwealth does not have an agency responsible for disposing of used cars, the cars are traded in on new ones. Each sale constitutes a separate transaction and the award of each new car is based on the lowest net price. Consequently, the state loses money on both ends of the deal by not availing itself of large volume buying discounts and by trading in vehicles rather than by disposing of them by sale or auction.

PURCHASE OF GASOLINE

Gasoline for state vehicles is acquired in two ways: credit card purchases under the terms of an annual contract and from bulk deliveries at specified locations also on an annual contract basis. Both contracts are negotiated for a calendar year rather than a fiscal year, and are awarded by the Purchasing Agent's Division.

According to this division, there are 165 bulk storage tanks throughout the Commonwealth. Few agencies, however, are completely dependent on bulk gasoline despite the fact its cost has been 13-14 cents a gallon less than gasoline purchased at gas stations.

The contract to purchase bulk gasoline is open-ended in that, while the contractor agrees to meet the

Commonwealth's needs, no fixed price is set. The actual cost is determined by the contractor's Boston posted commercial consumer tank wagon price at time of delivery. This price is free to fluctuate during the year and, as a matter of fact, was increased twice during the life of the contract for calendar year 1973.

There are no standardized regulations governing the pumping of bulk gasoline into state vehicles and controls exercised by the individual agencies varied considerably. In addition, there is no state policy requiring state vehicles to fuel up at bulk tanks whenever possible. The state's accounting system precludes vehicles from one agency from utilizing the bulk tanks of another. In agencies like the Department of Public Health, for example, where the administrative section uses credit cards and departmental institutions use bulk tanks, the former's vehicles cannot obtain fuel from the bulk tanks of the latter. This lack of accounting flexibility is wasting substantial amounts of money annually.

The Commonwealth also contracts with a major oil company to supply gasoline and other automotive supplies through its regular service stations. Texaco, the current supplier, agreed to provide gasoline at "the prevailing price for gasoline as posted by the dealer at the time and place of delivery." Once again, the contract contained no fixed price for gasoline and the cost to the Commonwealth is free to fluctuate during the contract year. The contract was awarded to Texaco, however, on the basis of its agreement to grant a discount of ten cents per quart on oil.

A contract was also entered into with a Sun Oil Company distributor in the northwestern part of the state because of a scarcity of Texaco stations in that area.

In addition, the Commonwealth has reserved the right, as stated previously, to purchase such products from oil companies other than the contractors and to have credit cards issued by them. Several agencies have availed themselves of this alternative. In fact, during Fiscal Year 1973, payments were made to ten oil companies in addition to Texaco and Sun Oil.

BILLING PROCEDURES

Billing procedures utilized by the oil companies are basically uniform and in compliance with the Commonwealth's regulations. Most agencies receive a monthly statement which includes a separate standard invoice for each vehicle in their possession.

The Department of Public Works has its own automated financial information system and the Commissioner of Administration has agreed that it may receive its billings in a different format. Unlike the other agencies whose vehicles are identified by department and registration number, Public Works identifies its vehicles by an equipment, or "E", number and by district rather than department.

POTENTIAL FOR ABUSE

The failure by various Commissioners of Administration to promulgate and enforce specific regulations regarding every phase of credit card use — from acquisition through final accounting — has resulted in inadequate management control which has created a potential for abuse at nearly every stage in the process. For example:

- There are no standardized procedures affixing responsibility for credit card acquisition. Responsibility can be centralized or fragmented depending on the agency, and it is conceivable that any employee, using agency stationery, could write to the oil companies and request credit cards on behalf of the agency.
- There are no requirements relative to a central list of credit cards. Policy varies between agencies and the Executive Office for Administration and Finance does not become involved. Consequently, no certainty exists as to the exact number of credit cards issued to the Commonwealth from any source — not from the oil companies themselves, not from the agencies, and not from the Executive Office for Administration and Finance.
- The inflexibility of the state's accounting system makes it extremely difficult and painstaking to segregate credit card related expenses from other automotive expenses. As a result, little, if any, effort is made to differentiate and a true audit becomes extremely complicated.
- Existing regulations are very general in nature and are not enforced. Consequently, incomplete credit card invoices are honored, processed and paid by the agencies; agency compliance with required reporting

procedures is minimal, and sanctions are not imposed for non-compliance.

- The absence of standardized procedures governing the disposition of previously issued credit cards and the non-inclusion of an expiration date on the cards themselves keep accounts active and available for use even though a new contract is awarded for each calendar year.
- Credit cards issued to state agencies are strikingly similar to those issued to private individuals and substitution of one for the other is easily possible.
- Existing regulations preclude the transfer of credit cards between vehicles, but this is freely done.
- Lack of standardized accounting procedures regarding the submission of credit card receipts by vehicle operators makes reconciliation of credit card purchases nearly impossible. Many agencies do not require the vehicle operator to submit the tissue copy of the invoice and, thus, are unable to reconcile the amounts shown on the hard copy of the invoice which is submitted with the oil company's statement each month. This results in the inability of the agency to determine outstanding liabilities.

A review of operations at several agencies revealed a variety of procedures in effect governing the acquisition and use of credit cards, as well as the accountability for purchases made therewith. Some agencies, the Department of Public Health for instance, have developed good internal control systems. Others spend little time reconciling the monthly billings. Certain agencies with computers, for example the Department of Public Safety, have developed satisfactory control card reporting systems; while others, specifically the Department of Public Works which has a large computer system, have not. Whatever control features are in existence, however, have been instituted by the agencies themselves and not by the office of the Commissioner of Administration.

FRAUDULENT USE OF CREDIT CARDS

The situation, which occurred at the Department of Public Works (DPW), clearly illustrates the abuse

of credit card privileges which can result from the failure of the Office of the Commissioner of Administration to promulgate and enforce clearly defined and specific regulations regarding all aspects of a credit card program.

In this instance, liabilities were incurred for credit card purchases by the District 6 Office of the Department for one of its pit operations in an amount approximating \$23,000 for the period June, 1969, through February, 1970.

When the billings for the month of June were being processed in August, the department computer rejected the bills because they were in excess of the amount permitted by the computer system. Accordingly, a sampling of the June invoices for one vehicle was made which revealed numerous discrepancies.

The DPW computer system will reject any amount in excess of \$999.99 per month per vehicle. This figure is excessively high, per se, and yet, if not exceeded, all bills up to that amount would be approved for payment.

As a result of this finding, the Department analyzed bills approved for payment back through January, 1969. Many more discrepancies were found but these were not caught by the computer because the \$999.99 per month per vehicle figure had not been exceeded.

In September, 1969, the Department had an investigation made without alerting the principals involved and the finding was made that a definite pattern of fraud, involving state personnel and the operator of this Texaco service station, was apparent. Despite this, the Department did not order the District Office to cease doing business with the service station in question and took no disciplinary action against the state personnel involved. As a matter of fact, the District Office continued to receive billings for credit card purchases at this station through February, 1970, without intervention by the Department, which had knowledge of the situation.

In February, 1971, the District Office made the determination that charges approximating \$23,000 were questionable and would not be approved for payment. It recommended that the Department so advise Texaco. It was not until April, 1973, however, that the Department notified Texaco that it was declining payment on these billings. This matter remains unresolved to this day.

Regardless of the knowledge it gained as the result of this unwarranted situation, the Department

has not corrected either its computer format or its auditing procedures in order to prevent a recurrence of this type of fraudulent credit card use.

RECENT ADMINISTRATIVE ACTIVITY

The conduct of this study by the Post Audit Bureau has had some salutary effect because, since its inception, the Executive Office for Administration and Finance has begun to take some positive steps in an attempt to regulate the use of state-owned motor vehicles and oil company credit cards.

An inventory of passenger carrying vehicles was completed in the latter half of 1973 and a re-registration of all state vehicles was effected on January 1, 1974. In addition, on December 27, 1973, the Commissioner of Administration established a

Motor Vehicle Management Bureau and issued new regulations concerning the acquisition of credit cards which will centralize this process. Thus, the possibility exists that, for the first time, the Executive Office for Administration and Finance will have an accurate account as to the number of state-owned vehicles and the number of oil company credit cards issued to the Commonwealth and its agencies.

We commend the Commissioner of Administration for the steps he has taken and trust that he will also exercise his concomitant responsibility to enforce these regulations. We must note, however, that standardized accounting procedures in order to reconcile credit card purchases have not been established. Consequently, the possibility still exists of a recurrence of the type of situation which resulted in the fraudulent use of credit cards at the Department of Public Works.

INTRODUCTION

RATIONALE FOR STUDY

The use of oil company credit cards by employees of the Commonwealth in conjunction with the operation of state-owned motor vehicles has been authorized for many years. During Fiscal Year 1973, an amount in excess of \$1,352,000 was expended by state agencies for credit card purchases.

The expenditure code manual of the Commonwealth of Massachusetts, entitled "Subsidiary Accounts and Expenditure Code Numbers for Budgetary Control", contains a schedule of subsidiary accounts to be used in accounting for all expenditures authorized for a given fiscal year. Each subsidiary account is further delineated by object code numbers which are to be used whenever prescribed in the Accounting Manual prepared by the Comptroller's Division.

Subsidiary account number ten (10) provides for expenditures for "Travel and Automotive Expenses." Within this account, object code 501 relates to automotive expenses as follows:

- 501 Automotive Supplies and Expenses.
Includes the cost of all supplies and other expenses (except repairs and repair costs, tires and tubes) incurred in the operation and maintenance of all automotive equipment other than tractors and trucks used on the farm . . . It will include such items as gasoline and oil, lubrication charges, registration fees for motor vehicles, brake and light inspection, road flares, state seals, car washings, towings, etc.

Concern had been registered in many quarters about the system whereby state agencies acquire oil company credit cards and subsequently incur obligations for the purchase of gasoline, oil and other automotive supplies. In addition, specific complaints were raised about an apparent excessive number of credit cards available for agency use.

In an effort to satisfy the many queries, the Joint Legislative Committee on Post Audit and Oversight directed that a study be conducted by the Post Audit and Oversight Bureau regarding the acquisi-

tion and use of oil company credit cards by state agencies for automotive expenses of state-owned motor vehicles.

SCOPE AND METHODOLOGY

The study was intended to provide an analysis of the system whereby oil company credit cards became available for use by state employees including their acquisition, dissemination, departmental control features, actual use, billing and accounting procedures. As the use of credit cards was but one component of an overall motor vehicle management program, it became necessary to review other components of this program.

The first step of this review consisted of an analysis of the statutes, rules and regulations governing the acquisition and use of credit cards and the pertinent appropriation accounts and related expenditures for Fiscal Year 1973.

Secondly, a questionnaire was sent to all agencies which, according to the Executive Office for Administration and Finance, possessed state-owned motor vehicles. The individual agencies were requested to supply a list of all oil company credit cards issued to them, together with a description and the location of the vehicles to which they were assigned. In addition, the Registrar of Motor Vehicles was requested to provide a printout of all registered state-owned vehicles.

Correspondence was mailed to the major oil companies doing business with the Commonwealth requesting a record of all credit card numbers assigned to the Commonwealth and its agencies. At the same time, interviews were held with persons responsible for vehicle operations in several state agencies to determine the procedures and controls in effect relative to such operation.

In addition, a computer printout of automotive expenses was designed and generated, in conjunction with the Comptroller's Division, in an effort to segregate expenditures for gasoline purchased with credit cards and that acquired by bulk purchase.

Finally, an analysis was made, for comparison purposes, of the motor vehicle management programs of the State of New York and the Federal Government.

HISTORY AND BACKGROUND

LEGISLATIVE

There are no statutory references governing the acquisition and use of oil company credit cards. As a matter of fact, the General Laws of the Commonwealth address themselves minimally to the question of the use of state-owned vehicles and related activities. They do provide for the identification of such vehicles,¹¹ and require the submission of monthly vehicle expenditure reports relating to their use.²¹ In addition, the statutes authorize the Registrar of Motor Vehicles to furnish each state vehicle with a distinctive license plate,³¹ and they authorize the Director of Personnel and Standardization to make rules and regulations concerning travel and use of state-owned vehicles.⁴¹

The General Appropriations Act vests the Commissioner of Administration with responsibility for publishing and enforcing rules and regulations governing the use of state-owned vehicles.

All use of state-owned vehicles shall be subject to the regulations to be promulgated and enforced by the Commissioner of Administration.⁵¹

In addition, the Commissioner of Administration is required to promulgate rules and regulations governing certain procurement activities, among which are:

The advertisement for and the receipt of bids for supplies and other property . . . ; and the purchasing of or contracting for certain supplies, equipment and other property by long or short term contracts, or by purchases or contracts made at certain seasons of the year, or by blanket contracts or orders covering the requirements of one or more departments, offices and commissions.⁶¹

These activities have been delegated by the Commissioner to the State Purchasing Agent, and it is under this delegation that the latter purports to act

in matters relating to the use of oil company credit cards by state agencies.

ADMINISTRATIVE

In accordance with the legislative mandate, the Commissioner of Administration has issued a publication entitled "Manual of Instructions and Guidance Information for State-owned Motor Vehicle Operation."⁷¹ The latest edition of this publication was effective March 1, 1970, and was proclaimed to be the product of careful study by the Purchasing Agent's Division, the Fiscal Affairs Division, and the Office of the Commissioner.

In the foreword to this publication, which outlines general policies concerning the use of state-owned motor vehicles, the Commissioner states that "these policies are directive in nature. They may be supplemented by other regulations at the department level for more rigid control when and where such action is considered necessary." The foreword also states that "the Office of the State Purchasing Agent located in the State House will advise and/or direct, *when requested*, any actions to be taken for situations not covered in these regulations." (Emphasis added).

These latter statements can only be construed as a delegation of authority by the Commissioner of Administration to the individual agencies with a further delegation to the State Purchasing Agent when requested by the agencies to intervene.

This publication, known as PD38, is the controlling document regarding the use of state-owned motor vehicles, and copies of it must be distributed . . . to all employees to whom motor vehicle equipment has been assigned.

The only reference to be found in this document relative to the availability of credit cards is as follows:

Credit Cards (Service Station)

Credit cards are provided for state-owned vehicles to be used at authorized service stations and are not transferable . . .

¹¹ M.G.L.A. Chapter 30, Section 36

²¹ Ibid

³¹ Ibid

⁴¹ M.G.L.A. Chapter 7, Section 28

⁵¹ Acts 1972, Chapter 514, Section 5

⁶¹ M.G.L.A. Chapter 7, Section 22 (1) (4)

⁷¹ PD 38

With respect to credit card use, PD38 states:

Credit card receipts must always be obtained from the vendor and should clearly indicate:

- Credit card number.
- Vehicle registration number.
- Department identification.
- Date.
- Itemized purchases and services showing quantities and prices.
- Vendors identification.
- Legible signature of operator.

The receipts will be used to assist in determining total monthly expenses as reported on monthly report form PD-26 and should be used to verify the vendors periodic billing. The receipts may also serve as documentation for warranty purposes that certain maintenance requirements have been fulfilled

The regulations contained in the manual also establish certain reporting requirements:

Departments shall maintain records relating to the daily use of motor vehicle equipment. Accurate records in the form of log-type reports or daily trip cards shall indicate the date, destination points, number of miles traveled and signature of operators. These records shall be kept on file within departments and be readily available for inspection at any time.

The method by which oil company credit cards are required and become available for use are not included and this is determined by the State Purchasing Agent in accordance with the authority delegated to him, as previously mentioned, by the Commissioner of Administration.

OTHER ADMINISTRATIVE ACTIVITIES

Records in the Executive Office for Administration and Finance indicate that, during the past several years, studies have been conducted and pronouncements made, both by press release and administrative bulletins, purporting to be attempts to control the use of state-owned motor vehicles. Conversely,

no such attempts have been made to regulate the use of credit cards.

In 1965, an informal survey of motor vehicle operations was conducted for the Commissioner of Administration by the management consulting firm of Stevenson, Jordan and Harrison of New York. This survey concluded that:

- No centralized management control of the fleet exists.
- Trained personnel are not available for effective management of the fleet on a centralized basis.
- No utilization standards have been established for the fleet.
- Pertinent information required for effective overall management control is not available.
- No effective policy has been established to control the personal use of state-owned vehicles.
- There is no perpetual inventory maintained on a centralized basis.
- A physical audit of the inventory has not been undertaken.
- Formalized procedures have not been developed to assure uniformity in reporting data.
- Reliable operating costs are not available.
- Meaningful repair cost data is not available.
- *Uniform procedures for reconciling credit card purchases are non-existent.* (Emphasis added)
- Vehicle replacement policies are determined by mileage alone and not the lowest overall cost of operation to the state.
- Pooling of vehicles in order to optimize usage has not been undertaken.

The consulting firm proposed the implementation of a Motor Vehicle Management Program to:

- assure optimum utilization of all automobiles.

- provide immediate up-to-date information to insure effective fleet cost control.
- provide the basis for the development and continuous updating of realistic standards for automobile utilization, operation and maintenance.

The proposed system was never implemented. In fact, the conclusions reached by the consultants are as valid in 1973 as they were in 1965.

In 1966, the Commissioner of Administration formed a committee consisting of the Director of Personnel, the Budget Director, and the State Purchasing Agent to "analyze the operational cost and to control the usage of motor vehicles owned by the Commonwealth." Despite press releases promising great results, there are no records to indicate that this committee ever met.

In 1966, likewise, the original *Master Plan for an Automated Financial Information System for the Commonwealth of Massachusetts* was published by the Comptroller. It was intended to be the official guideline for the Comptroller's Division in its attempt to provide timely and meaningful financial information to managers within state government through the utilization of automatic data processing method, systems and procedures. The plan described in broad language eleven proposed Sub-systems, including:

- 1) *A Transportation and Travel Information and Audit System*: to provide automated audit routines and mileage computation and which would, in some unexplained manner, "relate all transportation elements." This system was intended to make available essential information on employee mileages, destinations, objectives and costs.
- 2) *An Equipment Records Inventory and Information System*: to supply information for "efficient property management" including "standards and measures for budget planning and purchasing." Some of its benefits included an inventory and location of all state-owned vehicles and a long-range replacement program.

According to its system flow chart, the Transportation and Travel Sub-system was designed to provide the following records and reports:

- Statistics on employees private car mileage.
- State car mileage and operating costs.
- State vehicle operating and use reports.

The Equipment Records Inventory Sub-system was to have provided:

- An annual equipment inventory listing;
- Estimated lifetime records and replacement program reports;
- A report on inventory adjustments and losses, etc.

None of the above-noted objectives or features was described in any greater detail in the original Master Plan.

The Master Plan did not contain a proposed timetable or target dates for the completion of these Sub-systems, nor were priorities established for their implementation. In April, 1973, target dates were established by the Comptroller's Division in the specifications prepared for an invitation to bid on data processing equipment.

The Sub-system on *Materials, Supplies and Equipment* is supposed to be implemented in July, 1975, while the Sub-system on *Transportation and Travel* is scheduled to be operative in November of the same year.

According to the specifications, the purpose of the *Transportation and Travel Sub-system* is: "... to audit, account for and report on travel by Commonwealth employees on official business, and update the appropriate budgetary, personnel and equipment records affected by such travel."

One of the proposed outputs of this system is an updated Commonwealth-owned vehicle file containing information as to "... mileage driven and gasoline and oil expenses per passenger vehicle. Approximately 100,000 such vehicle updating transactions will be processed annually."

According to the specifications, the Materials, Supplies and Equipment Sub-system "is a set of comprehensive procedures for ordering and reordering supplies, purchasing materials and equipment, and maintaining equipment inventory and usage information."

Two of the proposed features of this system are a vehicle expense report on all state-owned motor vehicles and an annual inventory of vehicles by agency.

It should be noted that, as of October, 1973, seven and one-half years after the initial proposal, no personnel from the Methods, Systems and Procedures Unit of the Comptroller's Division has been assigned to work on the systems design or programming aspects of either of these proposed Sub-systems.

A spokesman for the Comptroller's Division indicated that other systems have received a higher priority from the Office of the Commissioner of Administration. It must also be noted that, of the original eleven Sub-systems proposed in the *MASTER PLAN in 1966*, only two have been installed to date, despite the fact that the consulting firm of Price, Waterhouse and Co., was paid over \$1,000,000 for the design, development, and installation of the total Automated Financial Information System in accordance with the *Master Plan* under a contract which terminated in June of 1971.

The annual report of the Transportation Analyst in the Purchasing Agent's Division for Fiscal Year 1973 noted, in part, that the "approximate cost of reimbursing employees for private car use during Fiscal 1971, including those reimbursement costs provided by the federal government, (was) \$3,600,000. It further stated:

. . . When an employee is reimbursed for more than 750 miles per month or 9,000 miles per year for private car use, this reimbursement cost exceeds the average cost of furnishing the employee with a state-owned car offering 5,000 more miles per year. Inasmuch as the cost to use employee-owned cars is 56% higher than the cost of using a state-owned car (\$.1000 per mile as opposed to \$.10640), employee-owned car use should be under firm control. The use of each private car should be clearly established as a positive requirement in the promotion of an official state activity and subject to a signed certification that a state-owned car is not available.

Another problem indicated by the report concerned the "daily take-home car practices whereby mileage is charged to personal transportation . . ." The report contended:

There is a clear indication that in the majority of such cases only the transportation requirements of the employees are served and it is estimated (conservatively) that

this fringe benefit is costing the Commonwealth \$295,000 per year based on the established per mile cost. This significant cost represents approximately 4,600,000 miles for personal daily transportation between home and assigned stations involving over 600 vehicles.

This report concluded with certain recommendations, including:

Take initial steps towards the establishment of a centralized inter-agency motor pool to be located in or close to the Beacon Hill/West End area of Boston serving all Boston-based state agencies. Such a facility has been discussed many times at the executive level for more than twenty years without any known direct action being taken. Knowledgeable persons in fleet operation view the absence of a centralized motor pool in the Boston area as a very costly deficiency in overall state administration.

It is believed that centralized pool operation would reflect savings beyond estimation by:

- a) *Severely restricting the take-home state car practice in the Boston area.* A cost reduction exceeding half of this unjustified expense can be expected.
- b) *Reducing the number of cars assigned to individuals full-time for part-time use.* It is a known fact that cars assigned to certain individuals at one agency remain idle at times when an urgent need exists at another agency. It's simply a question of the right hand not knowing what the left hand is doing. Inter-agency pool operation and centralized control is designed to correct these situations.
- c) *Significantly reducing the use of employee-owned cars now costing more than \$3,500,000 a year.* This reimbursement represents over 35 million miles — about double the projected

annual total mileage of the entire state-owned Group 1-2 fleet. With centralized pool operation, private car use would eventually be the exception rather than general procedure.

In June, 1972, the Director of Administrative Services in the Executive Office for Administration and Finance conducted a study of the use of state-owned vehicles and concluded:

A study of state-owned passenger cars, intended to determine how many we have, where they are assigned, why, and what their use is, reveals that there is no established management control, or no central management system to provide visibility of this fleet.

Sources of information which might provide data relative to the usage and operating costs of state cars are minimal, and at best incomplete and inaccurate . . .

It became apparent during the course of this study that records required by PD38 were not being submitted on a monthly basis for all cars, and that the information in some instances was inaccurate, or not clearly reported.

The situation indicates that in order to properly evaluate our status of vehicles, it is necessary to inventory our passenger cars in each agency. This inventory would provide an accounting of facts pertaining to needs of the vehicle, assignment and usage as well as the age, mileage and description of the vehicle. Such an inventory could establish a file for continuing management control, utilizing the existing monthly report card for state vehicles . . .

Finally, the study we have undertaken has revealed essentially what previous studies and surveys of vehicles in the Commonwealth have: the establishment of a sound management program providing control of state operated vehicles, and the enforcement of policies established for this control are essential.

An additional part of that review, dated November 2, 1972, noted:

An analysis, as of 10-24-72, of the reporting of State Vehicles and their activity by Agencies, indicates that *only 28%* of the vehicles are being reported according to regulations as required by PD 38.

It is evident that because of failure to comply with regulations to submit required reports, information needed to control vehicle operation and activity is inadequate.

Such information that must be available for effective Management Control includes:

- Identification of vehicle
- Identification of agency
- Identification of operator
- Identification of need
- Identification of use
- Identification of location
- Identification of all costs

The reporting record of most agencies indicates a lack of control of the vehicles assigned to them, and contributes to violations of the use of State Vehicles as defined by law. Certain of these violations include: Illegal parking, garaging and domiciling without approval, unauthorized marking on State Vehicles, unauthorized colors of vehicle, unauthorized equipment, etc.

Further, the absence of vehicle control at agency level has contributed to a continual increase in private car usage at additional expense to the State. More than one agency has questioned A&F as to how many vehicles are assigned to them, indicating lack of controlled record keeping.

Effective Management Control of State Vehicle activity by A&F should be established with the authority to enforce regulations necessary to guarantee the timely flow of essential information from the agencies. Failure to comply with such regulations should result in penalties, such as loss of State Vehicle and Private Vehicle usage.

It should be noted, with respect to the last paragraph of this report, that the Commissioner of Administration is currently vested with all authority necessary to *establish and enforce* such regulations and has had such authority at least since 1960.⁸¹

Despite the studies made and the committees formed, little was done to correct the problems attendant upon the use of motor vehicles by the Commonwealth. The situation is clearly illustrated in a

1971 memorandum from the Purchasing Agent's Division which stated:

File copies of reports and memorandums dating back thirteen years indicate that part-time study committees were formed by various administrations to correct obvious waste and inefficiency in fleet operation. It is apparent that little was gained and, certainly, no major proposals were effected.

⁸¹ Acts, 1960, Chapter 507, Section 5. The General Appropriations Act for each ensuing year contains this section.

GASOLINE CONTRACTS

Petroleum products for state-owned motor vehicles are generally acquired in two ways: first, by credit card purchases at local service stations of a major oil company which is awarded an annual contract; and, secondly, by bulk deliveries of gasoline at specified locations owned by the Commonwealth, again from a major supplier on a contract award. Both contracts are negotiated for a calendar year rather than a fiscal year and are awarded by the Purchasing Agent's Division.

The pertinent information concerning the purchase of gasoline is found in the following three documents issued by the State Purchasing Agent:

1. Proposal for Gasoline, Diesel Oil, Motor Oil and Chassis Lubrication.
2. Award on Bulk Delivery of Gasoline.
3. Award on Gasoline, Diesel Oil, Motor Oil and Chassis Lubrication.

The first of these documents, the "Proposal," details the state's requirements and is provided to all prospective bidders (See Exhibit A). The second document, the "Award," is sent to all state agencies and identifies the successful bidder for the bulk delivery of gasoline, as well as the prices to be paid and additional information on terms and conditions of the contract (See Exhibit B). The third document, also an "Award," is similar to the second except that it relates to the purchase of petroleum products at service stations and authorizes the acquisition of credit cards (See Exhibit C).

BULK PURCHASE

According to the Purchasing Agent's Division, the Commonwealth has approximately 165 bulk storage tanks for gasoline throughout the state. Most of these bulk locations are found at Metropolitan District Commission, State Police, and Public Works facilities, and at various institutions and colleges. Few agencies, however, are completely dependent on bulk gasoline. The "Proposal" for the calendar year 1973 indicates that the Commonwealth will use 3,100,000 gallons from bulk facilities. The "Proposal" also states that this is an estimated amount and that the Commonwealth reserves the right to increase or decrease the quantities to correspond to actual need.

The "Award" is open ended. The contractor is not bound to deliver a predetermined number of gallons at a set price. Rather, he must meet the Commonwealth's need at the "Boston posted commercial consumer tank wagon price," a price that is free to fluctuate during the year.

In calendar year 1973, the contract for bulk gasoline was awarded to Mobil Oil Corporation for the three grades of gasoline, Regular, Premium, and Low Lead at the following per gallon prices:

	Regular	Premium	Low Lead
Tank wagon price	\$.2130	\$.2480	\$.2330
less discount	.0841	.0941	.0841
Net Price	.1289	.1539	.1489
+ State gas tax	.0750	.0750	.0750
	\$.2039	\$.2289	\$.2239

According to the Purchasing Agent's Division, this price was increased a total of 3.9 cents per gallon for all three grades during the contract year.

Furthermore, the Commonwealth reserves the right to buy gasoline on the open market if delivery is not made on time, and further requires that "any additional costs resulting to the Commonwealth between the price paid on the open market and the price the Commonwealth would have paid under the contract, will be charged against the contractor."

Although the Legislative Post Audit and Oversight Bureau did not evaluate the purchase of bulk gasoline specifically, it became apparent during the course of the study that the controls over the dispensing of bulk gasoline varied considerably among agencies.

Accurate record keeping is hampered by agencies which combine costs of registered motor vehicles with those of unregistered pieces of equipment. This failure to separate costs has become standard procedure at the Department of Public Works; Massachusetts Correctional Institution, Concord; Waltham Experiment Station of the University of Massachusetts; and the Soldiers' Home in Massachusetts at Chelsea. At the last institution, the business office supervisor defended this practice and said that his lawnmowers and snowplows only use two or three gallons of gas a week, and it was never considered important enough to keep separate costs. When an estimate was made of the amount of gasoline that the several pieces of equipment used each year, the supervisor was surprised and ordered immediate separation of gas costs for each piece of equipment.

Since there are no uniform standards and controls in effect governing the dispensing of bulk gasoline, it was difficult to assess the effectiveness of the system. The agencies determine their own control procedures with varying results. The following two examples illustrate the problem.

The Department of Public Safety, which maintains several bulk storage facilities across the state, as well as at its main offices in Boston, offers an example of efficient control which accurately affixes gas costs per mile.

Each gasoline tank is kept locked and the key is kept by the shift supervisor. When drivers need gasoline, they fill out a form which shows vehicle odometer reading, amount of gasoline taken, mileage since previous filling, and pump readings indicating the amount of gasoline drawn from the tank. If there are any discrepancies, it behooves the next driver to report them so as not to be held responsible. The form is then signed by the driver under penalties of perjury and the key is returned. The Chief Clerk at the Framingham barracks, who for the past twelve years has handled gas records and dispensation, could recall very few cases where the system was abused. The Department of Public Safety also issued Texaco credit cards to its cruisers for emergency purposes, but, again, abuses, if any, were minimal, since over ninety percent of the gasoline used by vehicles of this agency was drawn from bulk tanks.

The situation at the Chelsea Soldiers' Home is quite different. There, the pump is unlocked every morning by the garage supervisor and remains so until he leaves for the day. There are two other keys. One is kept by the business supervisor and one is kept by the security guards. This institution, likewise, utilizes a form which is supposed to be filled out by the drivers, but this is done sporadically at best. The form is not as comprehensive as that used by the Department of Public Safety. The Soldiers' Home uses only eight vehicles, yet their miles per gallon rate is about 50% lower than Public Safety.

Unnecessary expenditures for gasoline result from the lack of a uniform policy of having state vehicles fuel up at bulk facilities whenever possible. According to officials in the Purchasing Agent's Division, the cost of bulk gasoline is approximately thirteen (13) to fourteen (14) cents a gallon less than gasoline purchased at service stations. The state's accounting system does not provide a means whereby the vehicles from one agency can obtain gasoline at the bulk facility of another agency. This results from the fact that each agency and/or institution

operates under its own budget account and there is no procedure in existence whereby one agency or institution can bill another. For example, the administrative section of the Department of Public Health uses credit cards while departmental institutions use bulk tanks. The administrative section vehicles are precluded from obtaining fuel from the bulk tanks at departmental institutions. Furthermore, vehicles assigned to one institution cannot obtain fuel from the bulk tanks at other institutions. This lack of accounting flexibility is wasting substantial amounts of money annually.

The largest agency in terms of number of vehicles, the Department of Public Works, has some bulk tanks but relies on credit card purchases to a great extent. The Department has been considering the adoption of a total bulk system which, it has been estimated, could generate a savings of approximately \$250,000 a year.

CREDIT CARD PURCHASES

The Commonwealth contracts annually with a major oil company for gasoline and diesel fuel delivered into state-owned vehicles at the contractor's service stations. In addition, the contract covers oil, oil changes, and chassis lubrication.

Such purchases are charged to the agency in question by means of credit cards which are issued by the contractor in such numbers as the individual agency requests.

In calendar year 1973, the contract was awarded to Texaco (See Exhibit D) to provide gasoline at "the prevailing price for gasoline as posted by the dealer at the time and place of delivery." The company provided, furthermore, that its local service station operators could grant the Commonwealth a discount on gasoline if they so desired. The response to this provision was negligible overall, as only fifty-one of some six hundred service stations state-wide offered discounts.

Texaco offered a discount of ten cents a quart off the prevailing service station price for motor oil and it was because of this, according to the Purchasing Agent, he awarded the contract to Texaco. Seven percent of the Texaco service stations granted further discounts for motor oil.

In addition to the contract with Texaco, the Commonwealth entered into a contract with A. R. Sandri, Inc., of Greenfield, Mass., a Sun Oil Company distributor which owns Sunoco stations in the northwestern part of the state (See Exhibit E). This

additional contract was necessitated because of the scarcity of Texaco stations in that area. Sandri, Inc., granted a two cents per gallon discount from the posted pump price for gasoline, one cent a gallon on diesel, and five cents a quart on oil.

Although the Commonwealth has contracted with A. R. Sandri, Inc., and requests for credit cards are forwarded to that company, the actual credit cards

issued to the individual state agencies are Sun Oil Company cards and all invoices are forwarded to the agencies by Sun Oil. The contract further stipulates that credit cards so issued are supposed to be used only at the twenty-four Sunoco stations owned by the Sandri Corporation, a listing of which is affixed to the contract.

CREDIT CARDS

ACQUISITION

The "Proposal" states: "The operator of each state-owned motor vehicle will be issued a credit card by the vendor and billing to each spending agency will be based on charges incurred by those operators who have used their credit cards . . . in accordance with the . . . award."

When the contractor has been determined, a copy of the "Award" is sent by the Purchasing Agent to all of the agencies informing them of the name of the contractor for the coming year. The "Award" advises: "If credit cards are needed from the companies shown on this award notice, send a list of the state-owned vehicles for which credit cards are desired. Give the name of the department or institution and the registration number of the vehicle."

The language of the "Proposal," which is forwarded to prospective bidders by the State Purchasing Agent, contradicts the language of the "Award," which is sent by the State Purchasing Agent to the individual state agencies. The "Proposal" provides that *the operator of each state-owned vehicle will be issued a credit card by the vendor*. This, in the absence of further definitive language, would seemingly require the vendor to accept an application from any state employee who operates a state-owned vehicle. The "Award," on the other hand, directs the individual agency, *if credit cards are needed, to send to the vendor a list of state-owned vehicles for which such cards are desired, including the name of the agency or institution and the registration number of the vehicle*. This language, standing alone, would seemingly require that the agency apply for credit cards for its vehicles, as desired. (Emphasis added).

That, in essence, is all of the substantive material concerning the acquisition of credit cards. There is no information as to the person or persons in each agency authorized to apply for credit cards on behalf of the agency; there is no provision for the collection and/or destruction of credit cards belonging to previous vendors; there is no stipulation about what kind of information should be provided on the face of the card; nor is there any suggestion that each agency should keep a centralized list of the credit cards in its possession.

For example, each institution under the Department of Public Health applies directly to the oil companies for credit cards. Conversely, the Division

of Marine and Recreational Vehicles, the Department of Natural Resources, and the Department of Agriculture, request credit cards through their respective central offices. In one agency, the Department of Community Affairs, the person responsible for credit cards was unable to explain how credit cards were originally obtained. Of greatest importance is the question of who, at the agency level, is responsible for applying to the oil companies for credit cards. For example, while the division heads of Water Pollution Control and Water Resources supervise this activity personally, this responsibility has been delegated to a clerk in the Division of Fish and Game.

To summarize, there are no standard rules or regulations in existence relative to the acquisition of credit cards. Consequently, the agencies are free to adopt their own procedures without the knowledge and/or approval of the State Purchasing Agent or the Commissioner of Administration. The result is that the agencies make their own determinations relative to the number of credit cards they desire. Thus, the Executive Office for Administration and Finance was unable to state how many oil company credit cards are currently available for use by the agencies of the Commonwealth.

PROLIFERATION OF CREDIT CARDS

In addition to Texaco and Sun Oil Company credit cards issued in accordance with the terms of agreements with the Commonwealth, there are many additional credit cards which have been acquired from other oil companies. More often than not this has been done as a matter of "convenience" for state employees rather than out of necessity.

This practice is allowable because the "Proposal" makes provision for such acquisition:

Where found beneficial to the Commonwealth, the Commonwealth reserves the right to purchase gasoline, diesel fuel oil, motor oil and lubrication, and to have credit cards issued to using agencies by oil companies independent of the contract.

This phrase, "Where found beneficial to the Commonwealth" is not further defined and, consequently,

agencies have acquired credit cards from oil companies, other than the contractors, on their own initiative. For example, the Department of Public Safety, which issues Texaco credit cards for all its cruisers, maintains accounts with Mobil, Amoco, Exxon, Shell, and Gulf, as well. Conversely, the Department of Public Welfare issues only Texaco credit cards and insists that all purchases by its personnel at other than Texaco service stations be paid for in cash, with the subsequent submission of receipts for reimbursement.

In Fiscal Year 1973, which ended June 30, 1973, payments were made to ten vendors in addition to Texaco and Sun Oil Company.

The Legislative Post Audit and Oversight Bureau attempted to determine how many credit cards have been issued and are available for use by Commonwealth agencies. Letters were forwarded to those oil companies, to whom payments have been made, requesting a list of all credit cards issued. Their responses, however, were varied and inconclusive.

Cities Service Oil Company replied as follows:

A list of state agencies using CITGO issued credit cards is enclosed for your convenience.

The card is issued to the agency and we have no idea what vehicles or personnel use this card. Under our system of listing accounts, it is very difficult to locate an account unless we have the name and address of a specific user. Even then it is somewhat difficult.

These names and numbers were located by going through the file manually. It is like looking for a needle in a haystack with the haystack being fanned by the wind.

Gulf Oil Company advised that their records indicated that they had six accounts with the Commonwealth but added, "It is possible that there are other accounts, but these are the only ones we showed under the Commonwealth of Massachusetts." Although six accounts were listed, the agencies to which they were assigned were not.

The special billing department of Sun Oil Company advised that 227 credit cards had been issued to District 2 Office, Department of Public Works, Northampton, Massachusetts. Inquiry at this office revealed, however, that approximately 25 of these

cards were used on a regular basis. The credit cards are in the possession of one individual and are dispensed for usage only when need is anticipated. In addition, this individual checks to insure that they are only used at Sandri Sunoco stations, in accordance with the contract. In response to the question as to why the excess number of cards were not returned to Sun Oil Company, the Post Audit Bureau was advised that "the cards had always been there" and had been requested for this office by the Wellesley Maintenance Depot of the Department which controls the distribution of credit cards.

Information from the Mobil Oil Corporation, which had the contract for bulk gasoline delivery in 1973, and which formerly had the contract for credit card purchases in 1966, revealed:

Approximately 6,000 individual credit card numbers have been assigned to the Commonwealth of Massachusetts, to various different agencies. Our Mobil account numbers 834 920 XXX have been reserved for the use of the Commonwealth. For this reason, your request for details on these individual account numbers is a (sic) insurmountable project.

We estimate that only a small portion of the accounts issued to you are now being used, as it is our understanding that your contract is now with another oil company.

Every card that we have issued has been through the request of your Purchasing Office in Boston. All cards were sent at the direction of this office, to the particular agency designated. The purchasing office should have the information you need; however you have indicated that they do not . . .

There appears to be a number of factual errors in their response. First, a check of agency responses to Post Audit and Oversight Bureau request indicated several Mobil accounts beginning with the numbers 837 not 834 as indicated above. Secondly, every credit card issued was not at the request of the "Purchasing Office in Boston." In some cases, letters in the file of the Purchasing Agent do request permission to order Mobil cards, but this is a very limited number. From the agency responses to requests for information about credit cards, approximately 150 Mobil credit cards can be accounted for. This leaves the whereabouts of some 5,850 Mobil credit cards unexplained.

The Executive Office for Administration and Finance was contacted in order to ascertain the number of motor vehicles owned by the Commonwealth. This office was unable to give an accurate figure but estimated that the Commonwealth owned in the vicinity of 6600 such vehicles. In view of this information, the compilation of figures from the several oil companies, to whom payments were made in Fiscal Year 1973, was startling for it indicates that there are at least 14,086 credit cards outstanding.

Company	# of Accounts	# of Credit Cards
Sun	4	233
Exxon	19	NA**
American	2	34
Cities Service	4	NA**
Shell	Could Not Locate	
Gulf	6	NA**
BP	NA**	6
Atlantic	3	NA**
Phillips	No Response	
Mobil	30	6,000 estimated
Getty	No Response	
Texaco	NA	7,813
Total	68*	14,086

*In several cases, accounts are carried on the active file for a period of time even though the credit cards are not being used.

**NA — Not Available.

Thus, although the Executive Office for Administration and Finance has the prime responsibility for the use and control of state-owned vehicles, that office did not know how many vehicles the Commonwealth actually owns and was unable to state how many credit cards were in the possession of state agencies.

USAGE

The General Appropriations Act for each fiscal year requires that "all use of state-owned motor vehicles shall be subject to regulations to be promulgated and enforced by the commissioner of administration . . ." (Emphasis Added). Since the acquisition and use of credit cards is a component part of the overall use of motor vehicles, this facet of the operation is subject to such regulations.

It is readily agreed that the regulations generally provide for such acquisition and use. As stated previously, the Manual (PD-38) provides that "credit cards are provided for state-owned vehicles to be used at authorized service stations and are not transferrable . . ." This, of necessity, presupposes acquisition. The Manual also provides that "credit card receipts must always be obtained from the

vendor . . ." This, of necessity presupposes use.

In an attempt to reflect credit card usage, the following list was compiled by the Post Audit and Oversight Bureau from records obtained from the Comptroller's Division showing the number of agencies and institutions that expended funds under Object Code 501 "Automotive Supplies and Expenses," for credit card purchases during Fiscal Year 1973:

Company	No. of Agencies and or Institutions Making Payments	Fy 73 Expenditures*
Sun Oil	4	\$8,409
Exxon	5	7,242
American	2	586
Cities Service	14	289
Shell	5	1,138
Gulf	8	3,516
B.P.	1	518
Atlantic	6	202
Mobil	30	54,138
Getty	2	2,851
Chevron	3	38
Texaco	105	1,272,938
	185	\$1,351,865

*Includes last six months of calendar year 1972 and first six months of calendar year 1973.

It must be reiterated that the expenditures above are only estimates at best because the state's accounting system does not separate credit card purchases from bulk purchases.

The Commonwealth's agreement with Texaco stipulates that the "bidder shall agree to furnish the State Purchasing Agent's Division, at the completion of the contract, a summary showing the total number of gallons of premium, regular, and low-lead gasoline, and the number of quarts of motor oil, delivered to state vehicles." At the conclusion of the contract for calendar year 1972, the contractor, Texaco, submitted the following report on gasoline and oil consumption by state vehicles:

Type	Amount
Premium Gasoline	119,538.9 gallons
Regular Gasoline	3,319,582.7 gallons
Low Lead Gasoline	16,734.8 gallons
No Lead Gasoline	99.6 gallons
Diesel Fuel	61,386.3 gallons
Aviation Fuel	491.6 gallons
Marine Fuel	2,330.6 gallons
Jet Fuel	213.3 gallons
Havoline Oil	61,314.0 quarts
Texaco Oil	31,601.0 quarts

It should be pointed out, however, that this same reporting requirement is not required of oil companies other than the contractor.

REPORTING REQUIREMENTS

The General Laws of the Commonwealth require that “. . . Every officer, department, board, commission or institution of the Commonwealth operating any such motor vehicle shall keep such a record of the use of such vehicle, and shall make such reports in relation thereto, as may be prescribed by the state purchasing agent . . .”¹¹ In PD38, the Commissioner of Administration required that the agencies should keep accurate log-type reports or daily trip cards relating to the daily use of motor vehicle equipment, and that these reports should indicate the date, destination points, number of miles traveled and signature of operators. These daily reports are compiled to form the monthly report PD-26 (See Exhibit F) which constitutes the basis for a cost accounting of the vehicles.

It was estimated by the Purchasing Agent's Division that in June, 1973, for instance, the measure of agency compliance concerned approximately 20% of all state-owned vehicles. In addition, the Department of Public Works has been exempted by the Commissioner of Administration from complying with this reporting feature but is required, instead, to submit summary cost data monthly. However, the Department has not complied.

CREDIT CARD FORMAT

A control device which does not normally appear on credit cards issued to agencies of the Commonwealth is an expiration date. The Director of the Division of Marine and Recreational Vehicles specifically requests expiration dates and, although they are not required, he feels this makes the situation more controllable in the case of lost or stolen cards. This practice is unique among the agencies interviewed. When credit cards have no expiration date, they remain as active accounts and their use can continue well past the expiration of that year's contract.

Although the Commissioner of Administration has the responsibility to properly promulgate and enforce rules and regulations relative to the use of state-owned vehicles, which includes the acquisition and use of oil company credit cards, it is evident that this trust has oftentimes been neglected and other times poorly delegated. As a matter of fact, this responsibility has been devolved upon the individual agencies to execute with few, if any, guidelines.

BILLING PROCEDURE

The procedure to be followed by the contractor with respect to the submission of bills to the agencies for payment for credit card purchases is outlined in the “Proposal”:

billing to each state agency will be made on a Standard Invoice Form CD 12 (Rev. 1), which must be approved by the Comptroller's Division as to form and content and the cost of which will be borne by the successful bidder . . . A separate standard invoice will be rendered for each state-owned motor vehicle to spending agencies monthly covering the charges incurred for that month according to the dates shown on the sales slips from the service stations.”

The same document also states that:

Billing for the Department of Public Works will be on the basis of districts and equipment number. That department will be consulted regarding further details as to billing.

For all intents and purposes, these requirements are complied with by the contractor. There have been some modifications made in Standard Invoice Form CD 12 to more readily relate to the contractor's billing procedures, but these have not been substantive and have been approved by the Comptroller's Division.

The Department of Public Works has its own computer operation and supposedly has devised its own system of cost controls. Consequently, it receives its billing information in a format somewhat different from that of the other agencies. Since this agency operates approximately 50% of all state-owned vehicles, its credit card billing procedures will be discussed subsequently in this report.

ACCOUNTING PROCEDURES

With respect to credit card purchases, the Manual requires that receipts must always be obtained from the vendor and must clearly indicate the following:

- Credit card number
- Vehicle registration number
- Department identification

¹¹ M.G.L.A. Chapter 30, Section 36

- Itemized purchases and services showing quantities and prices
- Vendor's identification
- Legible signature of operator

Although this directive informs the operator of a state-owned motor vehicle to whom a credit card has been issued that he must obtain a receipt each time he uses such credit card and that the receipt must contain certain information, it fails to state what should be done with such receipts. As has been stated previously, there is no standardized set of rules and procedures governing the acquisition and use of credit cards and no specified accounting methods to be used by the agencies to verify credit card purchases.

The entire problem of verifying the accuracy of bills presented to the individual agencies for payment is compounded by the lack of standardized auditing procedures in the agencies. Each agency is free to institute its own policy and several methods are utilized. Some agencies, for example, insist that vehicle operators submit the tissue copy of the credit card invoice each time a credit card is used. This is, undoubtedly, the best procedure because the agency can then compare the tissue copy with the hard copy enclosed with the bill in order to ascertain the accuracy of the charges.

Some agencies examine all of the hard copies of the credit card receipts submitted with the bill, while others merely examine a sample of these. Still other agencies, claiming a lack of time and/or personnel, simply approve the bill for payment without any reconciliation of charges.

Other factors are prevalent which hinder an accurate accounting of credit card purchases.

In most agencies, the credit cards issued by Texaco, Inc., the contractor for 1973, contain the registration number of the car to which the credit card is assigned in the fifteen digit credit card number. Its purpose is to enable the service station attendant to check the credit card number against the license plate of the car to insure that the credit card is being used properly.

At the Department of Public Welfare, however, some vehicles have credit card numbers that are un-

related to their registration numbers. For example, a 1970 Ford Sedan, registration number S4722, carries Texaco credit card number 26224. This necessitates an additional listing by the business agent to indicate an accurate credit card-vehicle relationship.

The Department of Public Works, on the other hand, uses its own system which incorporates an equipment number ("E" number), as distinguished from the registration number, as the last four digits in the credit card number. The "E" number of the vehicle is located on a metal tag affixed to the dashboard. In theory, the service station attendant is supposed to compare the "E" number in the cab of the vehicle with the last four digits on the card to assure himself that it is the state vehicle for which the credit card was issued.

Although attendants are supposed to honor only credit cards assigned to a particular vehicle, it is obvious that this is frequently overlooked. Many agencies admitted that they regularly substituted one credit card for another if the occasion necessitated.

Another problem concerns the appearance of the cards themselves — for they are similar to those issued to operators of private cars. It is easy to understand how, at a very busy service station, a state credit card could be substituted for a private one.

It is apparent that service station attendants pay little attention to the credit cards presented for purchases. This fact has been dramatically demonstrated by a series of invoices presented for payment of charges incurred by one district of the Department of Public Works. Credit cards issued to three vehicles in this district were stolen on two separate occasions. After the first theft, the district office reported the cards stolen. Subsequently, invoices were received for payment for charges against the first set of cards which were being used in a number of service stations in the western part of Massachusetts, and in Connecticut and Vermont. Eventually, such charges ceased. Recently, invoices were received for automotive services charged on the second set of stolen cards. Once again, the credit cards had been used in the same general area, both within and without the state. Despite notification to Texaco of the theft, their service stations continued to honor these stolen credit cards.

CASE STUDIES

In the course of the study, information was requested and obtained from a number of state agencies regarding the number of credit cards in their possession. Visits were also made to a small number of agencies to determine what kinds of procedures were in operation to govern the use of oil company credit cards.

Two agencies were selected for a more in-depth analysis. The Department of Public Health maintains control over its fleet of vehicles and their credit cards manually. The Department of Public Works, on the other hand, relies on a computerized operation to control its fleet.

DEPARTMENT OF PUBLIC HEALTH

This Department has established, in effect, its own management system with respect to credit cards. The program is under the supervision of a Head Administrative Clerk who, with a staff of four, serves as the Fleet Manager and exercises responsibility for 236 cars.

All credit cards for these vehicles are applied for and issued through him and are good indefinitely. If a card is lost or stolen, it is the responsibility of the vehicle operator to immediately report this to the Fleet Manager so that he might notify Texaco and request a duplicate credit card. If a credit card becomes damaged it must be turned in to his office before a new card can be issued.

The Fleet Manager and his staff of four check the monthly billings in detail against the tissue copies of the credit card invoices which vehicle operators are required to turn in to his office monthly. Texaco submits a monthly invoice for *each* vehicle and these, in turn, are processed and keypunched at the Comptroller's Division.

The vehicle registration number is utilized as the identifier on all credit cards thereby enabling service station attendants to quickly and easily determine if the credit card being used is actually the one assigned to the vehicle.

The Fleet Manager and his staff *manually* prepare an annual report detailing the operating expenses for each vehicle. This report is analyzed to determine which vehicles are operating inefficiently and might require further investigation. It is also used to determine which vehicles should be traded each year.

There are approximately 92 Public Health Department vehicles which fall outside the domain of this program. These are assigned to the various departmental institutions and are the responsibility of the institutional steward. The vehicles are fueled primarily, however, from bulk tanks located at the institutions.

On the whole, it can be said that this motor vehicle management program and credit card billing system is efficient and effective, in terms of information available.

DEPARTMENT OF PUBLIC WORKS

The Department of Public Works (DPW) currently operates the largest number of vehicles in the Commonwealth. According to Departmental estimates, the fleet now numbers some 3300 vehicles or approximately one-half the total state fleet.

For several years the Department has been exempt from the monthly vehicle reporting practices used by other state agencies (PD26) relative to vehicle expense and mileage report. In addition, its billing system is separate and distinct from that of other agencies.

In evaluating DPW's response to a request for information about credit cards, it was obvious that many of the DPW credit cards were being reported as "misaid," "lost," or "stolen" for the first time. A combination of these factors led to a more intensive study of the credit card controls in use in the Department.

The Commonwealth's Annual "Proposal," an invitation for bids on gasoline and related supplies, has, since 1967, contained the following:

Billing for the Dept. of Public Works will be on the basis of districts and equipment number. The department will be consulted regarding further details as to billing. In addition to the Standard Invoice, detail machine list by equipment number and card copy of the individual gas station sales ticket, the billing will also include the furnishing monthly of a set of 80 column pre-punched billing cards for each section sales invoice for use in the department's cost system.

Although the proposal specified that the vendor shall render a separate standard invoice for each vehicle, it, in effect, waives this requirement as far as the DPW is concerned by allowing this agency to establish its own billing procedures. Consequently, DPW receives a separate monthly invoice for each District which lists the total monthly credit card purchases for that District.

As stated previously, the DPW has been exempted, since 1967, from the monthly reporting requirements relative to mileage report and vehicle expense. In lieu of this, the agency was permitted to submit substitute reports periodically. In relation to this, the Annual Motor Vehicle Report for the year 1971, prepared by the Transportation Analyst of the Purchasing Agent's Division, stated:

The report does not include cost and mileage data of vehicles assigned to the Department of Public Works inasmuch as this agency is exempt from monthly motor vehicle reporting to this office. The department was excused (June 14, 1967) from this requirement although it was understood, brief reports indicating totalled statistics would be submitted periodically. To date, no such reports have been received.

In response to a recent inquiry from the Post Audit and Oversight Bureau, the Transportation Analyst indicated that he has never received any statistical reports on gasoline consumption or mileage of the vehicles operated by the Department.

The Commonwealth agency which operates the largest fleet of motor vehicles has failed to provide information concerning those vehicles. Yet, for the past six years, DPW has possessed a very costly and supposedly sophisticated computer system.

One of the proposed outputs of this system was a monthly vehicle cost report. It was the promise of this report which prompted the Commissioner of Administration to exempt DPW from reporting monthly vehicle cost data to the Purchasing Agent's Division.

Delays in gathering data on the vehicles and inaccuracies in the data supplied by the district offices resulted in a report which could not be utilized because of recognizable errors contained therein.

DPW decided to modify the timing of the report so that it would be produced only twice a year. Three copies of this report are currently printed and distributed but, according to DPW personnel, the

report is little used because it contains many inaccuracies.

No copy of this report has ever been made available to the Purchasing Agent's Division and the Executive Office for Administration and Finance has not seen fit to demand compliance.

At approximately the same time in 1967, when it was exempted from monthly reporting requirements, the DPW published its own thirty-five page document entitled *Credit Card Billing Procedures*, which outlines the special procedures to be used in processing gas and oil company credit card billings. Basically it describes the route which the standard invoice and its accompanying invoices are to follow within the Department's Accounting Section and Methods, Systems and Procedures Section. It also delineates the duties of the individual Districts in processing the invoices for their vehicles.

For instance, if differences exist between the District Office records and the Vendor's statement, the former is directed:

If the difference is not accounted for by error corrections, verify 100% of the Credit Card Invoices, tracing each item to the Distribution Report and approving payment for *only the items verified*.

The District Offices, in addition, are supposed to check:

a minimum sample of 10% of all cards. A higher rate of sampling may be used, at the discretion of those responsible for invoice processing or approval. Cards should be examined to ascertain:

- a) the propriety of the charges;
- b) that the invoice is properly signed by authorized employee;
- c) that the S. No. and Equip. No. are printed on list correctly . . . ;
- d) that the invoice has not been changed. If so, investigate.

The procedures further instruct the District Offices to:

Scan all cards for those which were not used in the service station imprinter, bringing

these to the attention of the District Highway Engineer or Division Head or person authorized to sign the invoice, for possible conference with Section Head, Garage Foreman, or individual card user.

Scan the Distribution Report and trace to the Detail Charge Card Invoice each item listed as 'Unidentified' or 'Miscellaneous' and any charges which seem to be unusual

i.e., individual purchases which exceed \$10 (Trucks \$20) . . .

If there is any difference between the Net Amount of the Standard Invoice and the Total Net of the Distribution Report, an explanation of these differences must be furnished to Texaco, Inc., . . .

That these requirements are disregarded will become evident in the ensuing section of this report.

A CASE OF FRAUD

Despite the existence of a sophisticated computer operation at the Department of Public Works (DPW), a situation occurred which warrants inclusion in this report. This system, in addition to generating reports as to cost and mileage data of vehicles is supposed to serve as a control mechanism relative to verification of billings for credit card purchases. The following narrative indicates clearly the unreliability of this system as presently operated.

In October, 1973, the Post Audit and Oversight Bureau discovered \$22,940.21 of disputed billings from Texaco Inc. to the Department of Public Works covering a period from June, 1969, thru February, 1970. The disputed invoices involved vehicles located at the Wood Road, Braintree, Pit within DPW District 6. Nearly all the transactions took place at one local service station.

The following account outlines the situation and is based upon DPW records and interviews with DPW personnel who were knowledgeable on the subject.

The first indication that a problem existed occurred in August, 1969, when the June invoices for District 6 were being processed through the DPW computer. The computer "flagged" billings involving excessive charges to vehicles garaged and operated out of the Braintree Pit. The computer allowed for a maximum of \$999.99 in *monthly* billing for gas and oil per vehicle. Any amount above this figure would be rejected by the computer. Although this amount is excessive, per se, it was exceeded for more than one of the vehicles from the Braintree Pit. According to the best recollection of those involved, the Data Processing Section immediately notified the District 6 Highway Engineer and his Administrative Assistant, who examined copies of the invoices signed by the operators of the vehicles in question and discovered that:

- there *were* excessive charges per vehicle
- the signatures on different invoices, apparently signed by the same individual, did not match;
- almost all (99%) of the excessive charges occurred at the service station in Braintree.

A sampling by the Post Audit and Oversight Bu-

reau of the June, 1969, Texaco invoices for vehicle (S 3628) then assigned to the Braintree Pit, indicated the following:

- there were 144 invoices for gas and/or oil for the billing period (approximately 5 weeks);
- this indicated an average of 6 visits per *day* to the service station in question, by this vehicle;
- the 144 invoices were signed by five different operators;
- 134 of these were signed by just two of the drivers;
- the signatures for these drivers did not *seem* to be comparable on all invoices;
- the total billing for the period amounted to \$1171.18. (This is what triggered the computer to "flag" these charges as being excessive);
- Invoices for this same vehicle were consecutively numbered even though dated on different days.

Upon concluding that a problem existed, the District 6 Highway Engineer and his Administrative Assistant so advised the Assistant Director of Administrative Services at DPW headquarters in Boston who, in turn, notified the Chief Engineer. This latter official assumed personal responsibility for handling the problem for the Department from that time until his subsequent death.

On September 2, 1969, a background investigation was conducted by the Department without alerting any of the principals involved. The results of this investigation, contained in a report dated September 26, 1969, indicated:

1. Responsibility lay with the District 6 office of the Department.
2. The service station involved was 4.1 miles distant from the Wood Road Pit and is an out-of-the-way location for vehicles from this pit.
3. Several credit card violations occurred.

The author of the report concluded that there is no supervision or control of the use of credit cards by DPW employees; that a definite pattern of fraud was apparent involving state personnel and the operator of the service station; and that the matter was of such magnitude and seriousness that it should be referred to the Attorney General.

Subsequently, the Chief Engineer held a meeting in his office with the drivers of the vehicles and other departmental personnel. He cited numerous instances of vehicles from the Braintree Pit which averaged about one mile per gallon over a six-month period dating back to the previous January. He expressly noted one vehicle which had used 699 gallons of gasoline to travel 202 miles during the month of April, 1969. Another vehicle, out of service for the whole month of January, 1969, was charged for 381 gallons of gasoline for that month.

The vehicle operators denied any wrongdoing and disclaimed any knowledge of wrongdoing on the part of the station owner or his employees.

Although the fraud was traced back to January, 1969, the first bills which were disputed by the Department represented charges for the month of May of that year. When this discrepancy was brought to the attention of administrative and fiscal authorities at DPW by the Post Audit and Oversight Bureau, the only answer offered was that the prior month's billings had already been paid. In other words, no individual vehicle had exceeded the computer's \$999.99 limitation per vehicle per month prior to this incident. However, the Department had, as a result of the excessive charges on the June billing, reviewed previous billings to determine how long this misuse of oil company credit cards had been going on.

It is possible that this situation could have existed for an extended period of time prior to its discovery. It could have been going on in other districts at the very time of the investigation. In fact, it could be going on today, because the computerized audit checks of gas and oil charges for vehicles have not been altered since the discovery of this problem. The \$999.99 monthly limit per vehicle remains in effect today.

Subsequently, the Chief Engineer, according to a departmental memo, referred the matter to the Attorney General. Although the DPW file on this matter does not contain copies of any correspondence between the Department and the Attorney General, not even a letter of transmittal, it does contain an-

other memorandum from the Chief Engineer to the Assistant Director of Administration dated May 22, 1960, which states:

On May 19, 1970 I received a call from . . . the Criminal Division of the Attorney General's Office. He stated that the police detective in charge of the investigation of the signing of Texaco gas slips at one particular Texaco Station had been promoted and therefore would no longer be available for this work.

He further stated that in a close-out meeting he and his staff had determined that there could not possibly be a criminal prosecution in this case. They have plenty of evidence that the signing was not done by men whose names appear on the slips but that there is no way to determine who in fact did sign the slips. On that basis he recommended that the department take whatever steps are necessary to negotiate with the Texaco Company on this matter.

My offhand recommendation is to inform the Texaco Company that the material on the suspect slips was not in fact delivered to the department and the department therefore will not honor payment for these particular slips. I think it would then be up to the department attorneys if any other action is indicated by the Texaco Company.

The Assistant Director of Administration advised the Post Audit and Oversight Bureau that he had never received the memorandum and, consequently, the "offhand recommendation" was never implemented.

The DPW file indicates that nothing further transpired until February 3, 1971, when the District 6 Highway Engineer advised the Chief Engineer by letter as follows:

In compliance with your instructions, we have today completed re-processing of Texaco Invoices for the period of June 1969 through February 1970.

Questionable charges in the following amounts were deducted from these invoices.

June	1969	\$2,293.58	Oct.	1969	\$ 3,208.80	
July	1969	\$2,459.09	Nov.	1969	\$ 2,524.43	
Aug.	1969	\$1,855.85	Dec.	1969	\$ 2,361.69	
Aug. No. 2	1969	\$1,708.33	Jan.	1970	\$ 2,354.93	
Sept.	1969	\$3,158.17	Feb.	1970	\$ 1,015.34	
					Total	\$22,940.21

We are enclosing the charge cards representing the above amounts under separate cover and recommend the Texaco Company be informed that we will not approve these charges.

Even at that late date, Texaco had not been informed that the charges were in dispute. It should also be noted that the "charge cards" referred to in the letter were actually the hard copy of the invoices signed by the vehicle operators for those individual purchases which were being disapproved. Nothing further was done by DPW to resolve this matter.

Eighteen months later, on August 1, 1972, Texaco notified the District 6 office in writing that certain billings for the years 1969 and 1970 remained unpaid. Among the items were included billings from June, 1969 through February, 1970, amounting to \$23,038.59. The small difference, \$93.38, between this figure and the amount which District 6 claims is in dispute apparently equals the federal taxes on these purchases.

Thus, three years after the discovery of this fraudulent use of credit cards, DPW had failed to notify Texaco and had failed to take any corrective action.

On August 7, 1972, the District 6 Highway Engineer responded. He advised Texaco that he was forwarding its letter to the DPW Chief Engineer. In a separate letter, he informed the Chief Engineer that he had received no reply from him to the itemization of disputed billings, or his recommendation of disapproval for payment.

Another eight months passed, before, on April 20, 1973, the current Chief Engineer, replied to Texaco: "This Department, after investigation and on recommendation of . . . (our) District 6 Highway Engineer, has found the charges to be invalid and therefore declines to make payment of \$22,940.21 of the monies shown on the said invoices."

Nearly four years after the discovery of a situation involving almost \$23,000 worth of billings for obligations incurred by the fraudulent use of credit cards issued to the District 6 office of DPW, Texaco was finally notified of the Department's intention not to honor these billings.

On October 16, 1973, the Administrative Assistant to the Chief Engineer informed the Post Audit and Oversight Bureau that "No further communication has come from Texaco on this matter since (our) letter of April 20, 1973."

How could such a situation have existed within DPW for such a great length of time without being

discovered? As stated previously, the Department has a very sophisticated data processing system which was designed to provide management with timely and accurate information for its decision-making process. There can be no doubt that the system failed in this instance.

No monthly mileage or gasoline usage reports were generated from this system because, according to a DPW spokesman, the vehicle operators and their supervisors in the field did not recognize the need for supplying accurate data to the system. Departmental personnel suggested the following excuses: the need and means for supplying this data have not been properly explained; or, the vehicle operators and their supervisors view the procedure as another instance of needless bureaucratic red tape; or, the computerized audit checks built into the system did not have and hasn't reasonable parameters for singling out vehicles which used excessive amounts of gas and/or oil.

As a matter of fact, the discovery of the invalid charges in 1970 was a "fluke" happening and is so recognized by those in the Accounting Section of the Department.

DPW has done absolutely nothing to correct the situation. The Director of Administrative Services stated that he recognized the need for tighter controls. He also realizes, he said, that the same type of problem could have existed in other districts at the same time, and may still exist because the \$999.99 monthly limit per vehicle has not been changed. He cited a lack of systems personnel as the reason for the failure to develop these controls even though four years had elapsed since the discovery of this matter.

There is no indication that any steps were taken to monitor the activities of the vehicle operators whose names were affixed to the credit card invoices.

According to the minutes of the meeting held in the Chief Engineer's office on October 3, 1969, on the subject of "unidentified Texaco charge slips," the operators were invited to make any statements they wished which would either justify the expenditures or prove that they were not personally involved. Only three chose to respond and their answers were in the nature of general disclaimers. Despite the facts of this situation, no disciplinary action was taken nor were any other corrective measures instituted. As a matter of fact, there is no indication that the operators were even directed to refrain from making credit card purchases at the service station in question. Quite the contrary. Billings from that station con-

tinued for at least eight months after the situation had first been discovered.

It is evident that, if the instructions outlined in the DPW document entitled "Credit Card Billing Procedures" had been followed, District 6 officials would have detected the situation soon after its initial occurrence. Their failure to carry out their responsibilities resulted in DPW incurring obligations in excess of \$22,000 for purchases made by the fraudulent use of credit cards which had been assigned to the District 6 office.

Despite this occurrence, there is today a minimum of compliance with departmental instructions. Only one of the Department's eight district offices checks 100% of the monthly credit card invoices. In District 6, where the problem occurred, the Foreman in charge of each of the District's fifteen pits has been directed to require that vehicle operators turn in all tissue copies of credit card receipts. However, in only one pit is 100% of the monthly invoices checked and the pit chosen is determined on an arbitrary basis.

The District 6 Highway Engineer claims that he lacks the clerical and accounting personnel necessary to perform a monthly check of all credit card invoices. This operates more in the nature of an excuse than a reason because it is done in at least one other district. Furthermore, it is our opinion that, unless the tissue copy of the credit card receipt signed by the vehicle operator is checked against the hard copy contained in the monthly billings, no true audit of these billings is being performed.

RECENT DEVELOPMENTS

In recent months, commencing with April, 1973, the Commissioner of Administration has disseminated administrative bulletins to state agencies requiring an inventory of all passenger-carrying vehicles in each agency's possession, compliance with existing vehicle reporting requirements coupled with the threat of sanctions for non-compliance, and the re-registering and titling of all state cars. In addition, a Motor Vehicle Management Bureau was established within the Executive Office for Administration and Finance and new rules and regulations issued relative to oil company credit cards on December 27, 1973 (See Exhibit G).

It must be noted that these changes were instituted during the conduct of this study by the Post Audit and Oversight Bureau and, in our opinion, in consequence of it. Nevertheless, we commend the Commissioner of Administration for his initiative and trust that his concomitant responsibility of enforcement of these regulations will be exercised. At the same time, however, we must take note of the fact that one of the most important control features of the credit card program has not, as yet, been dealt with. Rules and regulations to standardize accounting procedures in order to reconcile credit card purchases have not been established. Consequently, the possibility exists of a recurrence of the type of situation which happened at the Department of Public Works relative to the fraudulent use of credit cards.

STATE OWNED MOTOR VEHICLES

Related to the use of oil company credit cards, and a component of an overall motor vehicle management program, is the acquisition and disposal of state-owned motor vehicles as well as their use and care.

ACQUISITION AND DISPOSAL

Funds for the purchase of motor vehicles are appropriated to state agencies in their own appropriation accounts. The actual purchase, however, must be authorized by the State Purchasing Agent.

The General Appropriation Act for Fiscal 1973 provides:

Passenger motor vehicles to be purchased from sums appropriated in section two of this act shall be authorized by the purchasing agent in accordance with schedules filed by the budget director with the house and senate committees on ways and means prior to the passage of this act . . .¹¹

When the schedule is approved, specifications are drawn up and bids are requested from a list of interested vendors. Upon the selection of a vendor and the placement of an order, the role of the Purchasing Agent is essentially ended.

There are many problems associated with the purchase and disposal of vehicles. Taken together, they result in unnecessary costs to the Commonwealth.

In the first place, the Commonwealth purchases motor vehicles in small rather than large lots. The Purchasing Agent authorizes the purchase upon request of the agency and at a time convenient to that agency. As a result, purchases are not consolidated and the Commonwealth loses the advantage of the discounts available for large volume purchases.

Secondly, the Commonwealth, unlike other states and other large motor vehicle fleet operations, does not dispose of its used vehicles by means of auction or private sale. Rather, such vehicles are used as trade-ins on new vehicles. Thus, although more than one vehicle may be purchased at a time, each purchase constitutes an individual transaction based on the lowest net price bid by the automobile dealer.

In essence, the Commonwealth is losing money on both ends of the transaction. It does not take advantage of large volume discounts because it does not purchase large numbers of cars at the same time. It loses money on the disposal of used cars by trading them in. The common practice of large fleet operators is to sell or auction vehicles periodically. Records of the U. S. General Services Administration indicate that substantially more money is realized when their used vehicles are auctioned rather than traded.

Conversations with regional managers of the large automobile manufacturers resulted in these suggestions:

1. The Commonwealth should buy large numbers of cars at the same time to obtain maximum available discounts.
2. Cars should be sold rather than traded. If cars are traded, they should only be held for two or three years so that greater value can be realized in the trade. Extremely high mileage hurts the resale value.
3. Cars should be purchased early in the model year to avoid later price increases.

The current system employed by the Commonwealth is more time consuming for the dealer who must visit each used vehicle at each location to determine its worth for trade-in purposes. Presumably, the time consumed in this process is taken into account in determining the trade-in value of the vehicle.

In his annual report to the Purchasing Agent in 1969, the Transportation Analyst recommended volume purchases and the auctioning of used vehicles. The report was transmitted to the Executive Office for Administration and Finance. There is no record of any reaction to that report. The end result was that this recommendation was never implemented.

VEHICLE USE AND CARE

Once vehicles are purchased and delivered, the responsibility for their day-to-day care and regulation devolves upon the individual agency. Accord-

¹¹ Acts 1972, Chapter 514, Section 17

ing to the "Manual of Instruction and Guidance," the agency is required to determine that the cars are being used properly, that daily logs are kept, that completed monthly report forms are submitted to the Purchasing Agent's Division, and that decals and equipment tags are used.

Some agencies take their responsibilities seriously

and comply, while many others do not. In June, 1972, as stated previously, it was estimated that the agencies were submitting the required monthly report forms to the Purchasing Agent's Division for only 20% of state-owned vehicles. Many agencies have been allowed to ignore their reporting requirements without sanctions being imposed.

COMPARATIVE FLEET OPERATIONS

Discussions were held with fleet management personnel of the U. S. General Services Administration (G.S.A.) in Boston and the New York State fleet program in Albany in order to become aware of their procedures and to acquire data for comparative purposes.

G.S.A.

G. S. A. operates its motor pool like a large car rental agency. It purchases the vehicles, maintains them, and leases them to the federal agencies that have justified the need for cars. Each agency pays a pre-determined rate of so-much-a-month and so-much-a-mile depending on the type and size of vehicle.

Periodically, the motor pool calls in each vehicle for scheduled maintenance. If some vehicles appear to be under-utilized, they are rotated with high mileage vehicles so that all of them get the same amount of use. Generally, G. S. A. operates vehicles for six years or 60,000 miles.

Repairs can be authorized for up to 25% of the book value of the car. If repair costs are expected to exceed this amount, the vehicle is sold. G. S. A. sells its vehicles at public auction. Officials indicated that they get considerably more money for a car at a sale than they would by trading it in.

Each vehicle contains a G. S. A. credit card which identifies the vehicle. The credit cards can be used at all major oil company service stations. Bills are sent to the finance center in New York City for payment. The finance center, in turn, generates the monthly billings for the agencies.

On each credit card invoice, the odometer reading is noted by the driver. These, in turn, provide a chronological history of the vehicle. The soft, or tissue copy of the invoice is kept by the driver and turned in to the motor pool along with the required monthly mileage report. Records on each vehicle are maintained for maintenance, operating costs, and replacement purposes.

Although G. S. A. owns the vehicles, it is the responsibility of the individual agencies to monitor their use. Persons in each agency are designated specifically for this purpose. In the event that unusual or unexplained costs appear on the billing, the agency is billed and held accountable for them.

If unauthorized use of the vehicle is detected, there are numerous penalties that can be imposed.

According to motor pool officials the minimum penalty is loss of pay for thirty days and loss of federal driver's license. The G. S. A. relies heavily on the public to report violations.

Although the G. S. A. system is not without its faults, the fleet managers indicated that abuses are kept to a minimum. They also stated they did not feel that any system could be 100% foolproof.

NEW YORK STATE

In New York State, the Office of General Services (OGS) purchases all passenger cars, establishes account numbers, issues credit cards, affixes registration plates to vehicles and then assigns the vehicles to the appropriate agency or to the 600-car motor pool in Albany.

The key to the New York system is the identification number assigned to the vehicle by OGS. This number serves as a vehicle identification number, registration plate number, credit card number and account number for all transactions, both credit card purchases or those from the state's own bulk tanks.

New York creates its own credit card which is permanently assigned to each vehicle. The card contains a ten digit number which corresponds basically to a format established by the American Petroleum Institute and is in use in many other states. The major difference is that New York creates its own account numbers in a format different from the one originally proposed by the Institute. The first three digits identify the state and the next six identify simultaneously the vehicle and the account number; the last number is used as a check digit.

Registration plates and identification numbers are assigned by model year. A typical plate for a new vehicle would be 73-1265. This plate, with few exceptions, remains with the vehicle until it is scrapped or sold. The account number for the credit card and for accounting purposes would be 003-731-265 (x).

The only exception to the above of any consequence involves confidential vehicles which use regular registration plates and change them every year. Even in these cases, however, the vehicle identification number, credit card number and account number stay the same. The ID number is affixed to an official plate or decal and is fastened inside the glove compartment. If a gas station attendant notices that the credit card number and the registration plate do not agree, he is shown the decal which identifies the

vehicle as an official New York State car. Confusion is generally avoided, however, by having these vehicles gas up at state facilities.

Every motorized piece of equipment that is registered with the Department of Motor Vehicles has its own credit card. Those pieces of equipment which are not registered, such as lawn mowers and other equipment, and which do not use great amounts of gasoline, are issued crew cards. Crew cards cover a number of these units and cost centers for individualized pieces of equipment are not maintained.

The credit card contains additional information including a "billing code" which identifies the agency to be billed, the grade of fuel to be used in the car, and a series number. Furthermore, the agency's name appears on the bottom of the card.

Each agency receives a monthly bill from each oil company. It receives a summary sheet, similar to the Commonwealth's standard invoice, stating the agency's total bill, a utility listing which is a computer printout summarizing transactions by vehicle, and computer punch cards so that the agencies with computers can process the information and the individual charge slips. Agencies resolve discrepancies directly with the oil companies.

If a car is transferred from one agency to another, all of the numbers remain the same. A new credit card is issued, however, which reflects the new agency name and billing code. The oil companies are notified of the change. Sometimes this creates problems with oil companies who continue to bill the wrong agency.

If a credit card is lost or stolen the same number is kept but the series number is changed.

The oil companies deduct any taxes before sending the bills. The State of New York pays no state or federal taxes on gasoline, unlike Massachusetts, where every agency pays 7½ cents a gallon state gasoline tax.

Motor pool cars are handled in a similar fashion. Agencies that operate with "state purposes money" i.e., state appropriations, are not charged for the use of motor pool cars. These agencies receive an informational billing that tells them what it would have cost. Agencies that receive "first instance money", federal funds and the like, are billed for the use of motor pool cars.

BULK GASOLINE

In addition to buying gasoline at regular commercial outlets, New York State employees driving state-owned vehicles are encouraged to purchase gasoline from the 96 state facilities. Three of these facilities are operated by OGS and the rest by the New York State Department of Transportation. The purchases from the bulk tanks at these locations are handled through a revolving fund.

The same credit card is used to record the transaction and to account for the dispensing of gasoline.

The gasoline facility sends the billing information to OGS which, in turn, bills the user agency directly. In these cases, the Department of Transportation (DOT) buys the gasoline, OGS collects from the agencies and then pays DOT.

Unlike Massachusetts, New York buys its bulk gasoline at a *contract* price which is in force for the life of the contract. To allow for different area costs, they buy their vehicles and their gasoline by zones.

PURCHASE OF VEHICLES

In addition to the dramatic difference in the operations of the fleet management program, there are a considerable number of differences in the procedures involving the purchase and sale of vehicles.

All vehicles are purchased by zone. Bids are sent out once or twice a year and delivery is staggered to meet requirements. New York buys four different model vehicles. Each car type in each zone is bid separately.

Some vehicles are purchased in the fall with the start of the new model year and with current budget funds. In April the major buying takes place after the new state budget is passed. Since large numbers of cars are purchased at one time, a maximum discount can be obtained.

Used cars are not traded in, but are disposed of by the Bureau of Surplus Property in OGS, through sealed bid sales and auctions.

The fleet managers in New York also did not feel that their system was foolproof. They did indicate, however, that any abuses were within tolerable limits although they did not speculate what this meant in terms of cost.

CONCLUSION

The Commonwealth of Massachusetts has been without a viable, centralized motor vehicle management program for many years. Although the Legislature mandates each year in the General Appropriations Act that all use of state-owned motor vehicles shall be subject to regulations to be promulgated and enforced by the Commissioner of Administration, compliance with this directive has been minimal.

The regulations issued by the Commissioner are very general and serve to delegate major responsibility to the agencies. In the foreword to the publication embodying the Commissioner's regulations, he advises: "These policies are directive in nature. They may be supplemented by other regulations at the department level for more rigid control when and where such action is considered necessary." Continuing, the Commissioner states that the State Purchasing Agent will assist the agencies, *when requested*, on actions to be taken for situations not covered in the regulations.

There are many instances not covered in the regulations and most agencies have opted for their own procedures. Consequently, there are no standardized rules and regulations governing the acquisition and use of oil company credit cards, nor is there a standardized accounting procedure in order to verify credit card purchases.

Even in those instances where situations are covered in the regulations, for example, reporting requirements relative to monthly cost and mileage data of vehicles, agency compliance is poor.

In each of the above cases, enforcement by the Commissioner of Administration has been negligible to non-existent. In addition, the Executive Office for Administration and Finance was unable to provide a complete list of all motor vehicles owned by the Commonwealth, nor was it knowledgeable as to the number of oil company credit cards issued and available for use by the Commonwealth and its agencies.

The failure to properly promulgate and enforce regulations relative to the overall problem of motor vehicle management, including the acquisition and use of oil company credit cards, has resulted in a fragmented system with a great potential for abuse.

While this study was not directed towards citing specific abuses, it does outline certain cases to dramatize the potential. It is not that abuses do not exist; they do. Nearly every person involved with fleet management had his share of stories about the abuses taking place. The problem is one of enforcement and control. The system governing the use of credit cards is so lax and so easy to abuse that enforcement has become almost impossible.

Existing controls and procedures are ignored by many agencies, especially the large one, whose attitude toward the whole problem of fleet management must be described as casual. Agencies that do more than pay lip service to existing rules and regulations do so only because of the efforts, in many cases, of responsible individuals.

Implied sanctions have not been enforced. Vehicles have not been removed from agencies and, except in extreme cases, personnel have not been punished for the illegal use of vehicles.

The most disturbing feature of this study is the fact that the condition, which exists today concerning the use of state-owned vehicles and all components of such use, has existed for several years. Even more compelling is the fact that the condition exists with the knowledge of both the agencies and the Executive Office for Administration and Finance. Recommendations have been made and administrative bulletins issued, but no corrective action has been taken by the Commissioner of Administration. In addition to disregarding the recommendations of an extra-governmental survey report on the subject of the management of state-owned vehicles, the Executive Office for Administration and Finance has ignored internal reports which have proposed major changes in the entire motor vehicle management program.

Although recent activity in the Executive Office for Administration and Finance suggests that changes have been made or are contemplated, it is much too early to assess their effectiveness. What is needed, however, is not a patchwork approach, but a re-evaluation and strengthening of the entire program.

FINDINGS

The Commissioner of Administration is mandated to *promulgate and enforce* regulations concerning all use of state-owned vehicles. While some general regulations have been so established, responsibility has, for all intents and purposes, been delegated to the agencies who, in turn, have instituted their own procedures. These vary in degree from one agency to another and have produced the ensuing results.

- There are no standardized regulations governing the acquisition, dissemination, use, control or format of oil company credit cards.
- Uniform procedures for reconciling credit card purchases are non-existent although approximately \$1,352,000 was expended for such purposes during Fiscal Year 1973.
- Executive Office for Administration and Finance did not know the number of oil company credit cards available for use by state agencies.
- Regulations established by the Commissioner of Administration have not been enforced by him as required by legislative mandate.
- Lack of controls and enforcement affords a great potential for abuse.

ADMINISTRATIVE INACTIVITY

- A survey, conducted for the Executive Office for Administration and Finance in 1965, recommended the establishment of a motor vehicle (fleet) management program as a vital necessity. This recommendation was never implemented. Moreover, the conclusions reached as a result of that study were as valid in 1973 as they were in 1965.
- The Master Plan for an Automated Financial Information System for the Commonwealth of Massachusetts, published in 1966, included plans for "A Transportation and Travel Information and Audit System," as well as "An Equipment Records Inventory and In-

formation System." Seven and one-half years later, neither system has been implemented.

BULK GASOLINE

- Uniform control standards relative to the dispensing of gasoline from state-owned bulk tanks are non-existent.
- There is no state policy concerning maximum utilization of bulk tanks although gasoline purchased in bulk quantities is much less costly than that purchased at service stations by the use of credit cards.
- DPW estimates an annual savings of \$250,000 in that agency by the use of a total bulk system.
- State accounting inflexibility precludes the use of gasoline from bulk tanks at a state facility by other than vehicles assigned to that facility. This necessitates, in many instances, the use of credit card purchases at increased costs.

STATE OWNED VEHICLES

- The Executive Office for Administration and Finance did not know the total number of state-owned vehicles.
- The Registry of Motor Vehicles could not provide a complete list of registered state-owned vehicles.
- Procedures followed in the acquisition, use, and disposal of vehicles results in unnecessary costs to the Commonwealth.

CASE STUDY

- The Department of Public Works (DPW) is the largest single state agency in relation to the number of vehicles assigned (approximately 3300).
- DPW, although excused from the requirements relative to the Monthly Motor Vehicle Expense and Mileage Report (PD26) because it had its own com-

puter system, was required to file monthly reports on such expense and mileage in the form of computer print-outs. DPW has failed to comply with this requirement for at least five years. This non-compliance precludes an accurate cost accounting of this agency's vehicles by the Purchasing Agent's Division.

- DPW has established its own "Credit Card Billing Procedure," but has failed to demand compliance by its district offices. This precludes a proper cost accounting of DPW vehicles by the agency itself.

- DPW has been aware, since August, 1969, of the fraudulent use of oil company credit cards issued to its District 6 office involving at least \$22,000.
- DPW has its own computer system for cost information purposes. The failure to properly design this system made such fraudulent use possible.
- The detection of the fraudulent use of such credit cards is recognized as a "fluke" by the Accounting Section of DPW. Despite this, DPW has failed to redesign its computer system to preclude a recurrence of this type of situation.

RECOMMENDATIONS

The recommendations proposed herewith call, of necessity, for administrative action on the part of the Commissioner of Administration. It has long been an accepted principle that the Legislature is within its prerogatives to establish general policy and leave the administrative details to executive officers.¹¹ This is the system which has existed with respect to the use of oil company credit cards by state agencies and which ought to continue.

The deficiencies in the present system result from the failure of several Commissioners of Administration to promulgate and enforce effective regulations. This is not to say that the problem cannot be solved administratively. It can be. As has been stated in this audit report, the present Commissioner has initiated some changes.

Accordingly, in conjunction with the facts ascertained during the conduct of this management audit, and in an effort to be of assistance in establishing standardized operating procedures concerning the use of oil company credit cards by state agencies, we offer the following recommendations:

- 1) The regulations issued by the Commissioner of Administration in his administrative bulletin of December 27, 1973, which, among other corrective features, centralize control of the acquisition of oil company credit cards in the Executive Office for Administration and Finance, should be strictly enforced.
- 2) A uniform procedure should be established for all agencies relative to responsibility for physical possession of credit cards.
- 3) Standardized audit procedures should be established to permit proper reconciliation of billings. These should include, but need not be limited to, the following requirements:
 - a) That all vehicle operators submit credit card receipts weekly to a designated agency official.
 - b) That credit card receipts should be examined to determine that (1) the charges are proper, (2) the receipt contains the information required by the Manual of Instructions and Guidance Information for State-Owned Motor Vehicle Operation (PD38), (3) the receipt has not been altered, and (4) the receipt has been processed through the service station imprint machine.
 - c) That a percentage of credit card receipts submitted by vehicle operators be reconciled against the "hard copies" of the same which are included in the monthly billings from oil companies.
- 4) Any agency using an automatic data processing system to monitor vehicle use and cost, for example, the Department of Public Works, should incorporate control features, within defined parameters, to reflect efficiency of operations. This could include, for example, a miles-per-gallon limitation by type of vehicle.
- 5) The Transportation and Travel Information and Audit System and the Equipment Records Inventory and Information System, both of which were first proposed in 1966 and which were to have been installed under a contract with Price, Waterhouse & Co., which terminated in 1971 at a cost in excess of \$1,000,000, should be implemented. These systems should be designed to provide the type of information necessary in order to exercise efficient control over state-owned vehicles and their related costs.
- 6) A study should be conducted by the Management Bureau in the Office of State Planning and Management to

¹¹ In *Opinion of the Justices* (1952) 328 Mass. 674, the Massachusetts Supreme Judicial Court stated: "Where Legislature, by statute, lays down a general policy to be pursued, it may delegate working out of detail to some officer or commission, whose acts in pursuance of general plan, although legislative in character, are valid."

determine the feasibility, from a financial, control and geographical accommodation standpoint, of a centralized bulk gasoline purchasing and distribution system for all state agencies. During the course of this study, consideration should be given to an inter-agency billing system and the issuance of a state credit card usable at all major oil company service stations in instances where bulk tank fueling is not possible, as in the case of emergencies.

- 7) Negotiations should be entered into by the State Purchasing Agent with the major oil companies to effect a contract for bulk gasoline purchases on a *fixed cost* basis.
- 8) The State Purchasing Agent should revamp existing motor vehicle purchasing practices to avail the Commonwealth of maximum volume discounts; and should

give consideration to establishing a system whereby used vehicles be disposed of by private sale or auction.

- 9) The Commissioner of Administration should direct that an analysis be made of the annual report of the Transportation Analyst in the Purchasing Agent's Division relative to the "daily take-home car practices (by state employees) whereby mileage is charged to personal transportation . . . , " in order to determine the validity of its contention; and, if found valid, the Commissioner should more strictly enforce the statutory preclusion of such use.²¹
- 10) The Commissioner of Administration should compel full agency compliance with the reporting requirements of PD26 and should impose sanctions for non-compliance.

²¹ Acts 1972 Chapter 514, § 5: No state-owned vehicle shall be used for providing transportation for state officers or employees between their domiciles and places of employment . . .

EXHIBIT A

The Commonwealth of Massachusetts

Executive Office for Administration and Finance Purchasing Agent's Division

PROPOSAL

The undersigned, accepting the foregoing conditions conforming in all respects to the requirements herein set forth, and at the prices quoted, hereby agree, if their bid is accepted, to deliver certain goods and merchandise in strict accordance with these specifications, and to execute and deliver a contract therefor in the form hereto annexed.

Name of firm or corporation

Name of President

Name of Treasurer

Under what law (State) corporation is organized

(Signed)

By

Vendor Code

Date 19.....

Please insert your Commonwealth of Massachusetts Vendor Code number below your signature.

NOTE: BE SURE THAT YOU LIST ALL 13 FIGURES OF YOUR MASSACHUSETTS NUMBER.

Only if you have not been issued a Massachusetts Vendor Code number, insert your 9 character Federal Employee Identification number (issued by the IRS if you employ more than 2 employees); otherwise, use your personal Social Security Number.

Purchase Orders cannot be issued or payment made until this number is shown complete and correct.

The Commonwealth of Massachusetts

PURCHASING AGENT'S DIVISION

ROOM 24 STATE HOUSE, BOSTON, MASS.

PROPOSAL FOR GASOLINE, DIESEL OIL, MOTOR OIL, AND CHASSIS LUBRICATION

1. Bids are requested for supply of GASOLINE, DIESEL OIL, MOTOR OIL, and for CHASSIS LUBRICATION, for period January 1 to December 31, 1973.

Bids are to be returned for public opening on *OCTOBER 17, 1972, at 10:00 A.M. in Room 24 State House, Boston, Mass.* Submit bid on this form and use our return envelope. Postmarks will not be considered — bids must be in the Purchasing Agent's Division before the above noted date and time.

Cash discount must be figured in unit prices submitted and bid made on a net cash basis.

CONTRACT NO. 1 Gasoline and Diesel Fuel Oil delivered into State-owned vehicles at Contractor's service stations; oil delivered into State vehicles; oil changes; and chassis lubrication.

CONTRACT NO. 2 Gasoline delivered into State-owned bulk tanks at locations throughout the Commonwealth. (Also see paragraph 22.)

2. Military Department is not included.
3. The Commonwealth owns and operates approximately 4000 motor vehicles, and has approximately 165 bulk storage tanks for gasoline throughout the State. List of locations and sizes of tanks is enclosed for information purposes. The Commonwealth reserves the right to make changes and additions to this list as the Purchasing Agent's Division deems necessary.
Approximate use of gasoline is 3,500,000 gallons at service stations and 3,100,000 in tank wagon deliveries. (Tank wagon deliveries: approximately 1,600,000 gallons premium, 1,000,000 regular, and 500,000 gallons low-lead gasoline). Quantities estimated are subject to change. The right is reserved to increase or decrease the quantities shown to correspond to the actual needs of the Commonwealth during the period covered.
The Commonwealth of Massachusetts shall not be restricted from soliciting bids on gasoline of different specifications than that called for in this proposal, during the contract period, if it is deemed advisable to do so by the State Purchasing Agent.
4. The right is reserved by the Commonwealth of Massachusetts to waive technicalities and informalities; to reject any and all bids; to omit any item or items called for; to make and accept any subdivision of bids; and to accept proposal deemed best for Commonwealth.
5. Prices quoted shall be exclusive of all taxes. The Commonwealth will certify, where applicable, the official form of tax exemption certificate for delivery under contract upon presentation to the Purchasing Agent's Division. Commonwealth is not subject to Federal taxes. State agencies are not exempt from payment of the State gasoline tax. They are exempt from payment of the State sales tax.
6. The price or prices quoted shall include all transportation charges fully prepaid to any destination within the Commonwealth of Massachusetts, on bulk deliveries, contract No. 2. There shall be no increase in price during the period covered due to change in transportation rate.
7. Bids will be considered only from concerns that are actually in the business of supplying gasoline and motor oil to the general trade. Brokers, concerns without plants, or organizations or distributing points will not be considered.
8. Bulk deliveries shall be made with transportation charges fully prepaid to destination. Deliveries are to be made by truck, to be equipped with a meter with a mechanical ticket printing device and ticket to be furnished with each delivery showing number of gallons delivered. Where trailer load deliveries

are permitted; or in the case of delivery of entire compartment(s) of gasoline, if the gasoline is not metered, a verified copy of delivery slip showing number of gallons delivered shall be furnished with each delivery.

9. BIDS MAY BE MADE ON ANY OR ALL ITEMS.

10. Attached to this proposal is a sample of an agreement form to be used by retail dealers who will voluntarily grant a discount to the Commonwealth. The completed forms are to be returned with the proposal. A composite list, classified by cities and towns, showing name of service station and discount which the service station has agreed to grant, should be attached to proposal.

11. *SPECIFICATIONS:*

- Regular Grade — Minimum octane 93
- Premium Grade — Minimum octane 99
- Low-Lead — Minimum octane 93, lead content 0.5 gm/gal

Each grade shall have automotive provisions for seasonal conditions, classified as W, F, S, for Massachusetts geographical seasonal variations. All gasoline shall conform to the requirements as set forth in the most current revision of ASTM Designation D-439 for Gasoline.

Method of Test:

- | | |
|----------------|----------------------------|
| Distillation | ASTM D-86 |
| Vapor Pressure | ASTM D-323 |
| Octane | ASTM D-908 Research Method |
| Sulphur | ASTM D-1266 |
| Corrosion | ASTM D-130 |
| Gum | ASTM D-381 |

Bidders are to attach to bid a copy of their specifications covering gasoline on which bid is made.

12. *BILLING PROCEDURE:*

The operator of each State-owned motor vehicle will be issued a credit card by the vendor and billing to each pending agency will be based on charges incurred by these operators who have used their credit cards to purchase gasoline, diesel oil, motor oil, and supplies from service stations in accordance with the Purchasing Agent's Division award.

The discount granted to the Commonwealth by dealers or vendors shall be shown separately on the sales slip.

Billing to each State agency will be made on Standard Invoice Form CD 12 (Rev. 1), which must be approved by the Comptroller's Division as to form and content and the cost of which will be borne by the successful bidder. The Standard Invoice Form CD-12 (Rev. 1) will consist of five copies designated as follows:

- 1. Blue — Comptroller's Division
- 1A. Light yellow — Remittance Copy
- 2. Pink — Department
- 3. Green — Spending Agency
- 4. Canary — Vendor

A separate standard invoice will be rendered for each state-owned motor vehicle to spending agencies monthly, covering the charges incurred for that month according to the dates shown on the sales slips from the service stations.

Each standard invoice will carry the State car number to the right of the "Name and Address of Vendor" space. All charges will be itemized with correct descriptions and *no charges will be listed as "Miscellaneous" or "Other"*. Individual sales slips covering the summarization of charges for each state-owned motor vehicle will be attached to the standard invoice applying to it. The invoice must show the inclusive dates represented by the attached sales slips ("Period from to "). The Vendor's Certification must be signed by a representative of the company.

CREDIT CARD PURCHASES:

Purchases which may be made by the use of credit cards will include gasoline, diesel fuel oil, engine oil, oil filter cartridges, grease-lubrication, transmission and axle lubricants, brake fluid, automatic transmission fluid, steering fluid, fuel additives, radiator conditioners, windshield washing fluids and wiper blades and repair.

In an emergency, the following is allowed: tire chain repairs and parts, battery charging, replacement of fan belts and cooling system hoses, replacement of anti-freeze, emergency light repairs and parts, emergency spark plug cleaning. Service to include tire and tube repair and changes, attaching and removing tire chains, flushing and cleaning cooling system, washing of vehicles, passenger cars and wagons. The vendor will issue instructions that the following items will not be included on service station invoices and, therefore, should not be furnished to the operators of State-owned motor vehicles: anti-freeze permanent and alcohol), chains, spreaders, tires, tubes, spark plugs, polish, batteries, and accessories. Billing for the Dept. of Public Works will be on the basis of districts and equipment number. That department will be consulted regarding further details as to billing. In addition to the Standard Invoice, detail machine list by equipment number, and card copy of the individual gas stations sales ticket, the billing will also include the furnishing monthly of a set of 80 column pre-punched billing cards for each station sales invoice for use in the department's cost system.

13. The bidder shall agree to furnish the State Purchasing Agent's Division, at the completion of the contract, a summary showing the total number of gallons of premium, regular and low-lead gasoline, and the number of quarts of motor oil, delivered into State vehicles.
14. Bidders must attach to bid a list of locations of retail service stations and bulk plants that apply to contract and shall furnish with bid a small map suitably marked to indicate location of authorized service stations. *The list should also indicate the service stations that handle low-lead gasoline.*
15. Where found beneficial to the Commonwealth, the Commonwealth reserves the right to purchase gasoline, diesel fuel oil, motor oil and lubrication, and to have credit cards issued to using agencies by oil companies independent of the contract.
16. No temporary or voluntary allowances will be considered in making an award on Contract No. 2 (bulk delivery).
17. Where awards are made which total \$10,000. or over to any one bidder, a written contract will be required. Bidder will also be required to submit with contract a performance bond in the sum of at least 25% of the total amount contracted. Said performance bond must be executed with a duly authorized surety company, satisfactory to the Commonwealth. Said bond is to be conditioned upon the faithful performance of all terms and conditions of the proposed contract.
18. If the contractor fails to make deliveries of bulk gasoline in time to meet the requirements of the using agency, the Commonwealth reserves the right to obtain the gasoline in the open market. Any additional costs resulting to the Commonwealth between the price paid on the open market and the price the Commonwealth would have paid under the contract, will be charged against the contractor.
19. Any damage to the property of the Comm. of Massachusetts, caused by tank wagons or trucks, gasoline hose, etc., will be charged to the vendor. Whenever damages and/or losses result through defective equipment of supplier and/or its negligent operation vendor will be charged for said damages and/or losses.
20. The Commonwealth of Massachusetts specifically reserves the right to cancel any unfilled portion of the contract providing, in the opinion of the State Purchasing Agent, the services or materials supplied by the contractor are not satisfactory or are not consistent with the terms of the contract.
21. Contractor on bulk delivery of gasoline is to notify the Purchasing Agent's Division in writing of any change in price due to increase or decrease in the Boston posted commercial consumer tank wagon price. Letter shall show date of change and amount.

23. Please insert your Commonwealth of Massachusetts **VENDOR CODE NUMBER** in the space provided on the sheet marked “**PROPOSAL**”. Be sure you list all 13 figures of your Massachusetts number. If you have not been issued a Massachusetts Vendor Code Number, insert your 9 character Federal Employee Identification Number (issued by the Internal Revenue Service if you employ more than two employees).

The approximate number and capacity of bulk tanks is as follows:

Premium Gasoline	Regular Gasoline	Low-Lead Gasoline
3 - 6,000 gal.	1 - 10,000 gal.	6 - 5,000 gal.
1 - 5,000	10 - 5,000	2 - 5,000 (proposed)
2 - 4,000	4 - 4,000	1 - 4,000
8 - 3,000	2 - 3,000	1 - 3,000
1 - 2,500	15 - 2,000	5 - 2,000
12 - 2,000	5 - 1,500	1 - 1,500
6 - 1,000	45 - 1,000	12 - 1,000
1 - 500	14 - 500 - 550 - 575	3 - 500 - 550 - 575
1 - 250	3 - 200 - 280 - 300	1 - 275
	1 - 110	

mmc

Sept. 19, 1972

CONTRACT NO. 1

- A. For delivery into State-owned trucks, cars, and motorcycles at dealer locations in Massachusetts, from which dealer's gasoline is sold at the prevailing price for gasoline as posted by the dealer at time and place of delivery, but subject to a discount of

.....per gallon	Regular Grade, 93 octane minimum
.....per gallon	Premium Grade, 99 octane minimum
.....per gallon	Low-Lead Grade, 93 octane minimum, lead content 0.5 gm./gal.

State the brand name on which bid is made:

Regular Gasoline_____

Premium Gasoline

Low Lead Gasoline

- B. For delivery of diesel fuel oil into State-owned trucks or equipment, at dealer's locations in Massachusetts from which dealer's diesel fuel oil is sold at the prevailing price for diesel fuel oil as posted by the dealer at the time and place of delivery, but subject to a discount of

.....per gallon

State the brand name of diesel fuel oil: _____

- C. Bidders are to quote price on motor oil to be delivered into State-owned cars and trucks at service stations:

GRADES: SAE 10-10W; 20-20W; 30; 40; or 50per quart, ex taxes

GRADE: SAE 10-30 " " " "

GRADE: SAE 10-40 " " " "

Oil must be of a high quality, equal in grade to premium motor oil as manufactured by major oil companies.
State the brand name of oil on which bid is made: _____

D. Bidders are to state the price for changing oil in State-owned cars and trucks, using oil named above:

E. Bidders are to state price for services, labor and material for chassis lubrication on cars and trucks. Attach a letter to bid explaining what will be done on chassis lubrication.

CONTRACT NO. 2

Bulk delivery into State-owned tanks throughout the Commonwealth (also see paragraph 22). Bid is to be based on your Boston posted commercial consumer tank wagon price at time of delivery, plus or minus a differential (*indicate whether differential is plus or minus*).

Regular Gasoline, 93 octane

Plus or minus a differential ofper gallon

State brand name of Regular Gasoline.....

Premium Gasoline, 99 octane

Plus or minus a differential ofper gallon

State brand name of Premium Gasoline.....

Low-Lead Gasoline, 93 octane, 0.5 gm/gal. lead content

Plus or minus a differential ofper gallon

State brand name of Low-Lead Gasoline.....

State your Boston posted commercial consumer tank wagon price per gallon, without taxes, on Regular Gasoline, 93 octane, as of October 9, 1972: _____per gallon.

What is your net bid to the Commonwealth, without taxes, based on the above price, on Regular Gasoline, 93 octane? _____per gallon

State your Boston posted commercial consumer tank wagon price per gallon, without taxes, on Premium Grade Gasoline, 99 octane, as of October 9, 1972: _____per gallon

What is your net bid to the Commonwealth, without taxes, based on the above price, on Premium Grade Gasoline, 99 octane? _____per gallon

State your Boston posted commercial consumer tank wagon price per gallon, without taxes, on Low-Lead Gasoline, 93 octane, lead content 0.5 gm./gal., as of October 9, 1972: _____

What is your net bid to the Commonwealth; without taxes, based on the above price, on Low-Lead Gasoline, 93 octane, lead content 0.5 gm./gal.? _____per gallon

EXHIBIT B

The Commonwealth of Massachusetts

PURCHASING AGENT'S DIVISION
ROOM 26 STATE HOUSE, BOSTON, MASS.

AWARD ON BULK DELIVERY OF GASOLINE

For the period January 1, 1973 to December 31, 1973.

BULK DELIVERY OF GASOLINE into State-owned tanks located throughout the Commonwealth. Special permission of the Purchasing Agent's Division is required for purchase of PREMIUM gasoline. There is sufficient difference in price to make it very advantageous to institutions and departments to fill vehicle tanks at institution and department pumps rather than at service stations. Departments should issue instructions to those in charge of motor vehicles to fill from institution and department pumps whenever possible.

The Commonwealth is subject to the State gasoline tax of $7\frac{1}{2}\text{¢}$ per gallon and this tax will be added to the net prices shown below. The Commonwealth is not subject to the Federal tax. The Boston posted commercial tank wagon prices are those in effect as of *OCTOBER 9, 1972*. Prices are based on the Boston posted commercial consumer tank wagon price in effect at time of delivery.

Terms for cash: Net

MOBIL OIL CORPORATION — Vendor Code Number for all locations: 135 401 570 030 1

Departmental purchase order to be forwarded to the bulk plant which covers the city or town where delivery is to be made. The attached list shows the cities and towns handled by the various bulk plants and the telephone numbers to be used by institutions and departments of the Commonwealth when telephoning orders for bulk delivery.

REGULAR GASOLINE — minimum octane 93 — *MOBILE REGULAR*

Mobil's Boston commercial consumer tank wagon price	\$.2130 gal.
Minus a differential of Current net price per gallon, without taxes	-.0841 "
	<hr/>
	.1289 "

PREMIUM GASOLINE — minimum octane 99 — *MOBIL PREMIUM*

Mobil's Boston commercial consumer tank wagon price	\$.2480 gal.
Minus a differential of Current net price per gallon, without taxes	-.0941 "
	<hr/>
	.1539 "

LOW-LEAD GASOLINE — minimum octane 93, 0.5 gm/gal. lead content, *MOBIL SPECIAL*

Mobil's Boston commercial consumer tank wagon price	\$.2330 gal.
Minus a differential of Current net price per gallon, without taxes	-.0841 "
	<hr/>
	.1489 "

Alfred C. Holland,
State Purchasing Agent

mmc
11/8/72

BULK DELIVERY — MOBIL OIL CORPORATION BULK PLANTS

MOBIL OIL CORPORATION, 445 Chelsea St., East Boston, Mass. 02128
Att: Mr. W. H. Hahn. Telephone (617) 567-4080

Acton	Concord (West)	Malden	Saugus
Andover	Danvers	Medfield	Somerville
Auburndale	Fitchburg	Medford	Stoneham
Boston (entire)	Hull	Milton	Tewksbury
Cambridge	Lancaster	Newton	Topsfield
Canton	Leominster	Northboro	Waltham
Chelsea	Lexington	Norwell	Wellesley
Chestnut Hill	Lynn	Quincy	Weston
Cochituate	Lynnfield	Revere	Winthrop

MOBIL OIL CORPORATION, 3366 Pawtucket Ave., East Providence, R.I. 02914
Att: Mr. C. B. Patch. Telephone (401) 434-0870

Boylston	Dartmouth	Middleboro	Taunton
Barnstable (West)	Fayville	Norfolk	Walpole (South)
Bourne	Foxboro	North Dartmouth	West Boylston
Bridgewater	Framingham	North Grafton	Wareham (East)
Brockton	Grafton	Orleans	Westboro
Buzzards Bay	Holden	Raynham	Worcester
Carver (South)	Lakeville	Sandwich	Wrentham
Clinton	Marlboro	South Carver	Yarmouth (South)

MOBIL OIL CORPORATION, 142 Albany St., Springfield, Mass. 01100
Att: Mr. J. G. Duffy. Telephone (413) 736-1881

Amherst	Deerfield (South)	Monson	Rutland
Athol	Erving	Montague	Shelburne Falls
Baldwinville	Gardner	New Salem	Sturbridge
Barre (South)	Goshen	Northampton	Sunderland
Belchertown	Holyoke	Palmer	Westfield
Brookfield	Ludlow	Russell	Wilbraham

MOBIL OIL CORPORATION, Church Street, Albany, New York 12200
Att: Mr. F. Schumacker, Telephone (518) 434-2111

Lee	Pittsfield	Williamstown
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MOBIL OIL CORPORATION, Goseling Road, Portsmouth, New Hampshire
Att: A. Cartier, Jr., Telephone (603) 436-7889

Haverhill

EXHIBIT C

The Commonwealth of Massachusetts

PURCHASING AGENT'S DIVISION
ROOM 26, STATE HOUSE, BOSTON, MASS.

AWARDS ON GASOLINE, DIESEL OIL, MOTOR OIL, AND CHASSIS LUBRICATION

For the period January 1, 1973 to December 31, 1973

Award has been made on gasoline and diesel fuel oil delivered into State-owned vehicles at Contractor's service stations; oil delivered into State-owned vehicles; oil changes; and chassis lubrication.

The Commonwealth is exempt from Federal taxes but it is not exempt from payment of the State Gasoline Tax of 7½¢ per gallon which applies to gasoline (and diesel fuel oil when used for motor vehicles). The Commonwealth is exempt from payment of the State Sales Tax and it should not be included in prices. Exemption certificates will be issued upon request to the Purchasing Agent's Division.

In instances where service stations have voluntarily agreed to extend a discount to the Commonwealth, the credit card delivery receipts must show the posted price of the gasoline and oil received, the amount of the discount given, and the net price.

Each standard invoice should show the total number of gallons of gasoline and quarts of oil billed, the total gross price of the sales slips attached, the total discount to be deducted on each item (gasoline and oil), the total Federal tax to be deducted on each item (gasoline and oil), and the net amount billed.

CREDIT CARDS: If credit cards are needed from the companies shown on this award notice, send a list of the State-owned vehicles for which credit cards are desired. Give the name of the department or institution and the registration number of the vehicle. See vendors.

The Commonwealth *will not pay for delivery of premium gasoline into State-owned vehicles unless specific permission has been given* by the Purchasing Agent's Division for use of premium gasoline. Your credit card will be good for regular gasoline only, and the dealer is required to ask for your card before filling your tank.

Award has been made to:

1. Texaco Inc. — Awards covers all Texaco service stations.
2. A. R. Sandri, Inc. — Use stations on attached list only.

Terms for cash: Net

Alfred C. Holland,
State Purchasing Agent

mmc
11/8/72

TEXACO INC., 830 Boylston Street, Chestnut Hill, Mass. 02167

Vendor Code Number: 741 383 447 027 4

CREDIT CARDS: If credit cards are needed for use at Texaco stations, they can be obtained by writing to: Texaco Inc., Travel Card Center, 3350 Wilshire Boulevard, Los Angeles, Calif. 90005.

- A. *GASOLINE:* The price quoted by TEXACO INC. is the prevailing price for gasoline as posted by the dealer at time and place of delivery. *Exception:* Attached to this award notice is a list of Texaco service station dealers who have agreed voluntarily to grant the Commonwealth a discount. The discount will be shown on credit card delivery receipts.

Regular Gasoline, TEXACO FIRE CHIEF, 93 octane minimum

Premium Gasoline, TEXACO SKY CHIEF, 99 octane minimum

Low Lead Gasoline, TEXACO LOW-LEAD, 93 octane minimum

- B. *DIESEL FUEL OIL, TEXACO DIESEL CHIEF* The price quoted by TEXACO INC. is the prevailing price for diesel fuel oil as posted by the dealer at the time and place of delivery. *Exception:* Attached to this award notice is a list showing one service station dealer who has agreed voluntarily to grant the Commonwealth a discount on diesel oil. The discount will be shown on credit card delivery receipts.

C. *MOTOR OIL:*

PRICE: Texaco Inc. quoted the prevailing service station prices *less 10¢ per quart*, ex taxes. Also (certain Texaco dealers (as shown on attached list) have agreed voluntarily to grant the Commonwealth a discount. This discount will be *in addition to* that granted by Texaco Inc. and will be shown on credit card delivery receipts.

BRAND NAMES:

TEXACO Motor Oil SAE 10W through 50W

HAVOLINE " " SAE 10W through 50W

HAVOLINE " " SAE 10W-40

- D. *OIL CHANGES:* There will be no charge for changing oil in State-owned cars and trucks when purchased at stations changing oil.

- E. *CHASSIS LUBRICATION:* Services, labor and material for chassis lubrication on cars and trucks will be at the prevailing service station prices. Chassis lubrication by Texaco dealers is on the basis of TEXACO LUBRICATION GUIDE which all Texaco dealers have.

A. R. SANDRI, INC., 191 Cleveland St. Greenfield, Mass. 01301

Vendor Code Number: 231 136 570 003 9

A. R. Sandri, Inc. (a Sun Oil Company distributor) owns SUNOCO stations shown on attached list, operated by different managers.

CREDIT CARDS: Application for credit cards can be made to A. R. Sandri, Inc., 191 Cleveland Street, Greenfield, Mass. 01301. Credit cards of Sun Oil Company will be issued. Credit cards should be used *ONLY AT SUNOCO SERVICE STATIONS SHOWN ON ATTACHED LIST*, owned by A. R. Sandri, which have agreed voluntarily to grant the Commonwealth a discount.

BILLING: Sun Oil Company will do the billing for A. R. Sandri, Inc. Payment is to be made to Sun Oil Company, P.O. Box 7900, Philadelphia, Pa. 19103. Standard Invoice Form CD-12 (Rev. 1) may be used for billing. If institutions and departments wish to retain the individual sales slips, the following certification should be made on the #1 copy of the standard invoice: "Individual sales slips covering charges summarized on this statement are retained in the district or office of the department above named."

A. *GASOLINE*: The price quoted by A. R. Sandri, Inc., is the prevailing price of gasoline as posted by the dealer at time and place of delivery, *less 2¢ per gallon*. Service stations of A. R. Sandri, Inc., shown on attached list will voluntarily grant this 2¢ per gallon discount and it will be shown on credit card delivery receipts.

Regular Gasoline — SUNOCO 200, 93 octane minimum

Premium Gasoline — SUNOCO 240, 99 octane minimum

Low-Lead Gasoline — not available

B. *SUNOCO DIESEL FUEL OIL*: The price quoted by A. R. Sandri, Inc., is the prevailing price for diesel fuel oil as posted by the dealer at time and place of delivery, *less 1¢ per gallon*. The discounts will be shown on credit card delivery receipts. (Only one Sunoco service station on attached list grants a discount on diesel oil.)

C. *SUNOCO MOTOR OIL*: Sunoco service stations shown on attached list will grant 5¢ per quart discount and it will be shown on credit card delivery receipts. Price will be the prevailing price for motor oil at the service station less 5¢ per quart discount.

GRADES: SAE 10-10W; 20-20W; 30; 40; or 50

GRADE SAE 10-30

GRADE SAE 10-40

On standard invoice forms, all charges shall be itemized with correct descriptions and no charges shall be listed as "Miscellaneous" or "Other".

PURCHASES WHICH MAY BE MADE BY THE USE OF CREDIT CARDS WILL INCLUDE:

Gasoline	Transmission and axle lubricants
Diesel fuel oil	Automatic transmission fluid
Engine oil	Brake fluid
Oil filter cartridges	Steering fluid
Grease-lubrication	Windshield washing fluids
Fuel additives	Windshield wiper blades and repair
Radiator conditioners	

IN AN EMERGENCY, THE FOLLOWING IS ALLOWED:

Tire chain repairs and parts
Replacement of fan belts
" " cooling system hoses
" " anti-freeze

Battery charging
Emergency spark plug cleaning
Emergency light repairs and parts

SERVICE TO INCLUDE:

Tire and tube repairs and changes
Attaching and removing tire chains
Flushing and cleaning cooling system
Washing of vehicles, passenger cars and wagons

THE FOLLOWING ITEMS WILL NOT BE INCLUDED ON SERVICE STATION INVOICES AND, THEREFORE, SHOULD NOT BE FURNISHED TO THE OPERATORS OF STATE-OWNED VEHICLES.

Anti-freeze (permanent and alcohol)	
Chains — spreaders	Polish
Tires — tubes	Batteries
Spark plugs	Accessories

This is a list of service station dealers who have agreed voluntarily to grant discounts to the Commonwealth, as shown. Drivers of state-owned vehicles should become familiar with the names on this list and should patronize them whenever possible so that the Commonwealth can take advantage of the discounts offered.

All credit card delivery receipts must show the posted price of the gasoline, diesel oil, and motor oil received, the amount of the discount given, and the net price. *Drivers of State vehicles should be alert to see that the discounts offered are given and they should check the delivery receipts to see that the amount is correct.*

CITY OR TOWN IN MASSACHUSETTS	TEXACO SERVICE STATION	DISCOUNT		
		Gasoline Gal.	Diesel Fuel Gal.	Motor Oil Quart
Arlington	Chris Audunson, 264 Massachusetts Ave.	\$.005	—	\$.05
Attleboro	Texaco Star, Route 123 and Interstate 95	.01	—	.05
Belmont	Ken Foster, 368 Pleasant St.	.005	—	.05
Boston	Kerr's Texaco Station, 582 Commonwealth Ave.	.01	—	.05
Brockton	Sneider's Texaco Station, 945 Belmont St.	.01	—	.05
Burlington	McAvoy Texaco Station, 108 Cambridge St.	.01	—	.05
Cedarville	Calzolari's Texaco Station, Route 3A	.01	—	—
Chatham	James Patterson's Texaco, Route 28 and Queen Anne Rd.	.01	—	.05
Chelmsford	Kim's Texaco, 177 Boston Road	.01	—	.05
Fairhaven	Costa's Texaco, Middle and Bridge Streets	.01	—	.05
Falmouth	Robello's Texaco, East Main St. and Nye Road (Rte. 28)	.015	—	—
Framingham	Coady's Texaco, 157 Union Ave. & Henry St.	.01	—	.05
Hyannis	M. Cain, North St. and Bassett Lane	.01	—	.05
Hyannis	Ray Hopkins Texaco, Route 132	.01	.01	.05
Lawrence	Cinema Service Center, Route 114 and I-495 (150 Winthrop St.)	.005	—	.05
Lee	Ron Halpin's Lee Texaco, 166 Housatonic St.	.04	—	—
Lowell	Jarek Bros. Texaco, 7 Lincoln Square	.01	—	.05
Medford	Wellington Circle Texaco, 525 Fellsway	.01	—	.05
Middleboro	Al's Texaco, Center & Station Streets	.01	—	.05
Milford	George Irr's Texaco, Route 109 & 495	.01	—	.05
Millbury	Lemieux Garage, 54 Canal St.	.01	—	.05
Natick	John Dobay's Texaco, Maine & New Hampshire Sts.	.01	—	.05
Needham	Robert Burnett's Texaco, 191 Dedham Ave.	.01	—	.05
Needham	Phil's Texaco, 399 Chestnut St.	.015	—	.10
North Dartmouth	Harding Bros. Texaco, 299 State Road (Route 6)	.01	—	.05
North Dartmouth	Correia's Texaco, 120 State Road (Route 6)	.01	—	.05
Pittsfield	Breen's Texaco, 378 East Street	.02	—	—
Pittsfield	Foreign Sports Car Center, 1025 South St.	\$.01	—	—
Randolph	Texaco "28" — George Malone, 1370 No. Main St.	.01	—	\$.05
Raynham	Raynham Texaco, Route 44 and South St.	.01	—	.05
Roxbury	Athens Texaco, 525 Huntington Ave.	.01	—	.05
Roxbury	Albert Bros. Texaco, 1292 Tremont St.	.01	—	.05
Saugus	Elvin's Colonial Texaco, Route 1 at Walnut St. (with single S&H stamps) (212 Broadway)	.01	—	.10

CITY OR TOWN IN MASSACHUSETTS	TEXACO SERVICE STATION	DISCOUNT		
		Gaso- line Gal.	Diesel Fuel Gal.	Motor Oil Quart
Seekonk	Richard Harris, 999 Fall River Avenue	.01	—	.05
Somerville	Albertine's Service Station, 646 Somerville Ave.	.01	—	.05
Southboro	Benson's Texaco, Turnpike Road, Routes 9 and 495	.01	—	.05
So. Braintree	Umbro Bros. Service Sta., 681 Washington St.	.01	—	.05
So. Dartmouth	Earl's Texaco Service Center, 614 Dartmouth St.	.01	—	.05
So. Hadley Falls	Falls Texaco, 2 Bridge St.	.03	—	.10
Spencer	Gobi's Service Station, West Main St. (Old Route 9)	.01	—	.05
Springfield	Barber's Texaco, 1140 Bay St.	.02	—	.05
Springfield	DeMusis Texaco, 668 Liberty St.	.02	—	.10
Tewksbury	John's Texaco Service Station, 1975 Main St.	—	—	.05
Waltham	Bell's Texaco, 825 Main St.	.005	—	.05
Waltham	Louis Texaco, 478 Main St.	.005	—	.05
Wellesley	Robert's Texaco, 873 Worcester St. at Weston	.01	—	.05
West Yarmouth	Texaco Tex, Route 28 and Dames Lane	.01	—	.05
West Roxbury	Kostos Texaco, Belgrade Ave. and Beech St.	.01	—	.05
Worcester	Payne Texaco, 1442 Grafton St.	.01	—	.05
Worcester	Bill's Texaco, 340 Chandler St.	.01	—	.05
Worcester	College Square Texaco, 719 Southbridge St.	.01	—	.05

The following is a list of service stations owned by A. R. SANDRI, INC., supplying *SUNOCO* products. The discounts shown are *not* in addition to discounts of A. R. Sandri, Inc.

CITY OR TOWN IN MASSACHUSETTS	NAME OF SERVICE STATION	DISCOUNT		
		Gaso- line Gal.	Diesel Fuel Gal.	Motor Oil Quart
Ashfield	Al's Green Acre Sunoco Station, Main St., Route 116	\$.02	—	\$.05
Athol	Colonial Gas Service, 38 So. Main St.	.02	—	.05
Bernardston	Wysk Sunoco Station, Church St., Route 10	.02	—	.05
Buckland	Dix Sunoco Station, 50 State St.	.02	—	.05
Charlemont	Foss Sunoco Station, Route 2	.02	—	.05
Conway	Weeks General Store, Route 116	.02	—	.05
Greenfield	Bob's Sunoco Station, 136 River St.	.02	—	.05
Greenfield	Don's Sunoco Station, 416 Federal St.	.02	—	.05
Greenfield	Ernie Johnson Sunoco, 155 Main St.	.02	—	.05
Greenfield	Federal St. Sunoco, 295 Federal St.	.02	\$.01	.05
Greenfield	High Street Sunoco, cor. High & Silver Sts.	.02	—	.05
Haydenville	McAllister's Sunoco Station, Main St., Route 9	.02	—	.05
Millers Falls	Patnode Sunoco Sta., 21 Lester St., Route 63	.02	—	.05
Montague	Rau Sunoco Service Station, Montague City Road	.02	—	.05
Northfield	Jim Greenia's Sunoco Station, 41 Main St.	.02	—	.05
Old Deerfield	Deerfield Service Station, Routes 5 and 10	.02	—	.05
Orange	King's Sunoco Station, 312 East Main St.	.02	—	.05
Rowe	Rowe General Store	\$.02	—	\$.05
South Deerfield	B & J Sunoco Station, 65 Main St.	.02	—	.05
Sunderland	J & J Sunoco Station, Route 116	.02	—	.05
Turners Falls	Beaubien's Sunoco Station, Third and L Streets	.02	—	.05
Turners Falls	Bernie's Blue Sunoco, 2 Montague City Road	.02	—	.05
Turners Falls	Escott's Sunoco Station, 4 Avenue "A"	.02	—	.05
West Northfield	Barnes Sunoco Station, Mt. Hermon Road	.02	—	.05

EXHIBIT D

The Commonwealth of Massachusetts

MONTHLY MOTOR VEHICLE EXPENSE AND MILEAGE REPORT

1 DEPARTMENT OF _____	2 MONTH _____ YEAR _____								
3 ASSIGNED LOCATION OF VEHICLE _____	4 ODOMETER: OFF _____ ON _____								
5									
REG. NO. EQUIP. NO. MODEL YEAR MAKE - MODEL - TYPE OF VEHICLE	TOTAL MILEAGE								
6 EXPENSES (A)									
<table border="0" style="width: 100%;"><tr><td style="text-align: center;">FUEL GALS. COST</td><td style="text-align: center;">OIL/OIL CHANGES QTS. COST</td><td style="text-align: center;">TUBES/TIRES AND REPAIR</td><td style="text-align: center;">PARTS COST</td><td style="text-align: center;">LABOR COST</td><td style="text-align: center;">LUBE GREASE</td><td style="text-align: center;">BATTERIES REPAIR-REPLACE</td><td style="text-align: center;">MISC. (IDENTIFY)</td></tr></table>		FUEL GALS. COST	OIL/OIL CHANGES QTS. COST	TUBES/TIRES AND REPAIR	PARTS COST	LABOR COST	LUBE GREASE	BATTERIES REPAIR-REPLACE	MISC. (IDENTIFY)
FUEL GALS. COST	OIL/OIL CHANGES QTS. COST	TUBES/TIRES AND REPAIR	PARTS COST	LABOR COST	LUBE GREASE	BATTERIES REPAIR-REPLACE	MISC. (IDENTIFY)		
7 EXPENSES (B)									
<table border="0" style="width: 100%;"><tr><td style="text-align: center;">CLEANING WASHING</td><td style="text-align: center;">PARKING STORAGE</td><td style="text-align: center;">TOLL CHARGES</td><td style="text-align: center;">MISC. (IDENTIFY)</td></tr></table>	CLEANING WASHING	PARKING STORAGE	TOLL CHARGES	MISC. (IDENTIFY)	8 EXPENSES (C)	9 TOTAL EXPENSES (A) _____			
CLEANING WASHING	PARKING STORAGE	TOLL CHARGES	MISC. (IDENTIFY)						
	ACCIDENT DAMAGE COST TO STATE VEHICLE	TOTAL EXPENSES (B) _____							
		TOTAL EXPENSES (C) _____							
		ALL TOTAL: _____							
10 CHECK SOURCE OF FUEL AND OIL: ROADWAY PURCHASE <input type="checkbox"/>		11 DEPRECIATION (DO NOT FILL IN) _____							
STATE-OWNED SUPPLY <input type="checkbox"/>									
BOTH OF ABOVE <input type="checkbox"/>									
12 IF PARTS/LABOR COSTS (EXPENSES A) TOTAL \$25.00 OR MORE, BRIEFLY EXPLAIN NATURE OF WORK DONE: _____ _____									
13 ARE THE REQUIREMENTS FOR WARRANTY PROTECTION FOR THIS VEHICLE, IF APPLICABLE, BEING CARRIED OUT? YES _____ NO _____									
14 IS THIS VEHICLE NORMALLY SERVICED BY DEPARTMENT-OWNED MAINTENANCE FACILITIES? YES _____ NO _____									
15 THIS REPORT HAS BEEN REVIEWED AND IS APPROVED BY: _____									

(INSTRUCTIONS ON REVERSE SIDE)

THIS REPORT CARD MUST BE COMPLETED AND FILED WITH THE STATE PURCHASING AGENT NO LATER THAN THE 15TH DAY OF EACH SUCCEEDING MONTH. INFORMATION REPORTED MUST BE ACCURATE AND COMPLETE AND SHOULD BE DUPLICATED IN DEPARTMENT FILES FOR FUTURE REFERENCE. REPORT CARDS NOT PROPERLY COMPLETED WILL BE RETURNED FOR CORRECTIVE ACTION.

TYPES OF VEHICLES TO BE REPORTED ON THIS CARD: All passenger cars-wagons, all type trucks, buses, motorcycles-scooters, ambulances and all other self-powered vehicles having equipment mounted on a truck-type chassis. *TYPES OF VEHICLES NOT TO BE REPORTED ON THIS CARD:* All types of tractors, loaders, trailers, dozers, graders, rollers, sweepers, mowers, special purpose machines and all other vehicular equipment not designed primarily for transporting.

NOTE: Only equipment registered with Registry of Motor Vehicles is to be reported.

Guidance instructions below are numbered corresponding to item numbers on front of card.

ITEM NO.

- 1 *Full name* of department, agency, board, commission, etc. *Example:* Dept. of Mental Health.
- 2 The *month* and *year* being reported.
- 3 *Principal* location/address where vehicle is assigned. *Example:* Danvers State Hospital.
- 4 Odometer reading at *beginning* and *end of month* and the *total* miles traveled.
- 5 *Complete* description of vehicle. *Example:* S-000 E-000 1969 Ford F-100 Pickup Truck.
- 6 *Expenses (A)* are necessary expenses for vehicle operation. Miscellaneous items must be identified by cost and description and relate to the running cost of the vehicle. Tire-chains, anti-freeze, additives, lubricant fluids, etc. would be in this category.
- 7 *Expenses (B)* are incidental type expenses. Miscellaneous items should not relate to Item 6.
- 8 *Expenses (C)* are damage costs to state vehicles resulting from accidents. When this cost has been determined, it will be reported on the current report although the accident may have occurred during a previous month. The cost-to-repair must be reported although the vehicle may not be repaired.
- 9 *Add Expenses (A)-(B)-(C)* for *all total* cost.
- 10 *Check* fuel and oil supply source. 11 *Not to* be determined by departments.
- 12 *Add parts and labor costs* under Expenses (A). If total is \$25.00 or more, explain work done.
- 13 *Particular attention* must be given to both the maintenance requirements and the coverage of vehicle warranties. 14 *Indicate* vehicle service practice.
- 15 The report must be *approved*. *Authority* to approve will be determined by using department.

Describe/Explain miscellaneous expenses under Items 6 and/or 7:_____

REMARKS:

EXHIBIT E

The Commonwealth of Massachusetts ADMINISTRATIVE BULLETIN

Executive Office for Administration and Finance

Office of the Commissioner

December 27, 1973

73-16

TO ALL AGENCY HEADS

In order to implement the motor vehicles management program initiated by this office, I have established by administration action a Motor Vehicle Management Bureau within the Executive Office for Administration and Finance, Central Services Division. The Bureau will be temporarily located in Room 212M, State House. Pending appropriate budgetary authorization, I have assigned existing personnel to staff the Bureau, under the direction of Mr. Arthur Sweeney, Supervising Transportation Analyst, who will act in the capacity of Fleet Administrator.

As part of the motor vehicle management program to be administered by the Bureau, the following procedures regarding the issuance and use of gasoline credit cards are hereby instituted:

a. New Texaco credit cards will be issued by the Motor Vehicle Management Bureau on or before December 31, 1973, for all vehicles in accordance with 1974 registration numbers.

b. Agencies holding credit cards other than Texaco cards may request permission to retain such cards by submitting written justification to the Fleet Administrator, prior to January 10, 1974. Such request must demonstrate that use of a Texaco card would be impossible or very inconvenient, in view of the location or type of use.

c. No currently outstanding credit card, other than one whose retention is specifically approved under the preceding paragraph, should be used after January 10, 1974. All such cards, including all Texaco cards without exception, must be forwarded to the Fleet Administrator on or before January 10, 1974, at which time they will be destroyed.

d. The practice of requesting credit cards directly from any oil company, shall be discontinued. This office will notify oil companies to disregard such requests from state agencies. If another credit card is necessary, the Motor Vehicle Management Bureau, where justification will be reviewed. If approved, the request will be processed by the Bureau to the appropriate vendor.

Every request must include the applicable agency account number, the comptroller's agency code number, the billing address and a description of the vehicle or other equipment.

e. Credit cards for registered motor vehicles will indicate the 1974 registration number. Credit cards for other applications must indicate an equipment number prefixed by the letter "E". Registration or equipment numbers will be embossed on each card. Credit cards will not be transferable.

f. If a vehicle or other equipment is disposed or without replacement, related credit cards are to be returned to the Motor Vehicle Management Bureau without delay.

g. Lost or stolen credit cards are to be reported immediately to the Motor Vehicle Management Bureau.

Commissioner of Administration

